

CA-IR-401

Ref: HECO Response to CA-IR-335 (Energy Efficiency Advertising).

According to the response, “HECO has not deemed it necessary or prudent to expend funds to conduct any studies” in connection with the whether the Company is a recognized brand name and respected as a source of energy information. Please respond to the following:

- a. Identify and provide copies of all information relied upon by HECO to determine that brand and energy efficiency advertising is needed in order to reinforce or expand customer awareness of HECO and its reputation as an energy information supplier.
- b. Explain how HECO determines the amounts of advertising that is needed and what message(s) should be included in such advertising.
- c. Provide copies of all documents associated with or supportive of your response to part (b).
- d. Does HECO possess any information regarding the effectiveness of its energy efficiency advertising?
- e. If your response to part (d) is affirmative, please provide complete copies of all documents relevant to the issue of advertising effectiveness.

HECO Response:

- a. In the response to CA-IR-355, HECO is not claiming that “brand and energy efficiency advertising is needed in order to reinforce or expand customer awareness of HECO and its reputation” as the Consumer Advocate states in subpart a. of this information request.

Rather, HECO’s response to CA-IR-335 points out that customers believe that Hawaiian Electric is a recognized and trusted source for information and advice about electricity use, and that customers turn to HECO and expect the utility to educate and inform them on these issues. This is supported by the Company’s collective experience with a large variety of customer interactions, and was discussed in more detail in HECO’s response to CA-IR-335. The advertising expenses in the current rate case proceeding are needed to help meet customers’ expectations about communications from their electric company regarding energy issues.

- b. HECO has addressed this topic in the Residential Customer Energy Awareness Pilot Program application in Docket No. 03-0142, Exhibit 1, pages 34 - 42. HECO also addressed this question in response to CA-IR-334 subpart e., which included a discussion about the development of media plans. To recap those discussions, expenditures for media buys are based on achieving adequate reach and frequency to deliver a message. HECO further addressed this topic, along with the topic of message development, in the evaluation reports on the RCEA program. Please see Attachment C to the HECO report filed on September 30, 2008 in Docket No. 2007-0341 – Review of Demand-Side Management Reports and Requests for Program Modifications (“M&E Report”).¹ The M&E report provides details about the development of messages and the reach and frequency of the media placed.
- c. Attachment C discussed in subpart a. above is provided as part of Attachment 1 to this response. HECO’s response to CA-IR-334 is already included in the record of the current proceeding.
- d. Please see Attachment B of the M&E Report discussed in subpart b above.² As a result of the advertising efforts undertaken by HECO in 2007 and 2008, more than nine in ten Oahu residents surveyed recalled at least one of six messages/advertising elements from Hawaiian Electric and nearly half of all respondents (46.6%) reportedly did something differently in order to conserve energy after seeing or hearing an energy conservation ad.³

¹ HECO’s M&E Report, filed September 30, 2008, in Docket No. 2007-0341 is 117 pages. Attachment 1 to this response includes the transmittal letter, table of contents, the narrative section which covered the RCEA program, and Attachments B and C of the M&E Report. Attachment C of the M&E Report is included as pages 25 to 62 of Attachment 1 to this response.

² Attachment B of the M&E Report is included as pages 9 to 24 of Attachment 1 to this response.

³ Attachment B of the M&E Report at 4 (page 12 of Attachment 1 to this response).

Measure	%
Recall of six messages/advertising elements from Hawaiian Electric	93.8%
Took action as a result of advertising	46.6%
Installed or switched to CFLs	27.2%
Turned off lights	13.2%
Overall awareness: CFLs	87.3%
Overall awareness: ENERGY STAR®	69.8%
Base =	(401)

Additional details of the effectiveness of the advertising can be found in Attachment C to the M&E report.

- e. Please see Attachment B of the M&E Report referenced is subpart d. above.

Attachment 1 is voluminous and available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the document. An electronic copy of the requested information is being provided.

Hawaiian Electric Company, Inc. • PO Box 2750 • Honolulu, HI 96840-0000



September 30, 2008

Darcy L. Endo-Omoto
Vice President
Government & Community Affairs

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
Kekuanaoa Building
465 South King Street, 1st Floor
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 2007-0341 – Review of Demand-Side Management Reports and
Requests for Program Modifications (HECO)

In accordance with Order No. 23717, filed October 12, 2007, attached is HECO's Annual Program Modification and Evaluation Report ("M&E Report") for its Commercial and Industrial ("C&I") and Residential Demand-Side Management ("DSM") programs.

The M&E Report provides information on forecasted energy and demand savings, and forecasted program budgets for 2009. The M&E Report also includes information on proposed modifications to program design, and program implementation and evaluation efforts. Pursuant to Order No. 23717, Section I.B. identifies the program modifications that HECO is requesting Commission approval of in this docket.

In addition, this M&E Report includes in Attachment E a discussion of the implementation and marketing of HECO's DSM programs thus far in 2008. This is a new attachment in the report that may be of interest to potential bidders responding to the Commission's Request for Proposals, dated September 18, 2008, for a Program Administrator for the Hawaii Energy Efficiency Program. The information included will provide a reference point for the activities the utility has pursued to deliver the current energy efficiency programs into the market.

If you have any questions on this matter, please call Dan Brown at 543-4795.

Sincerely,

Attachments

cc: Division of Consumer Advocacy

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X. RCEA PROGRAM

A. Background

On February 13, 2007, the Commission approved the RCEA Program in Decision and Order No. 23258 issued in the EED, Docket No. 05-0069. The program was proposed as a two year pilot program which, based on the timing of the approval, resulted in the first program year being 2007 and the final program year being 2008.

On May 12, 2008, the Commission convened a status conference on Docket No. 2007-0323 to discuss among other things the continuation of the DSM programs during the transition period to the third party administrator and the disposition of the DSM pilot programs. During this status conference, HECO pointed out that the RCEA Program had been very useful and helpful in advancing the DSM programs as evidenced by the success of the DSM program in 2007 and continuing in 2008. HECO also proposed to submit the RCEA Program evaluation by September 30, 2008, to allow the Commission time to review the program and decide whether or not to approve the continuation of the program into 2009 in order to avoid any loss of progress in the RCEA Program.

B. RCEA Program Evaluation

The primary objective of the RCEA Program is to determine if an aggressive customer communications program can change levels of residential customer awareness of energy options, encourage customers to adopt energy efficient appliances and behavior, and result in significant energy savings and peak load reduction. Based on results from the third customer survey conducted June 12-23, 2008, the RCEA Program achieved its goal, not only generating awareness of energy options, but also motivating residential customers to employ energy efficient behavior.

Measure	%
Recall of six messages/advertising elements from Hawaiian Electric	93.8%
Took action as a result of advertising	46.6%
Installed or switched to CFLs	27.2%
Turned off lights	13.2%
Overall awareness: CFLs	87.3%
Overall awareness: ENERGY STAR®	69.8%

Close to 95% of the survey respondents recalled at least one of the advertising messages from HECO and nearly half of all respondents did report engaging in some type of action to conserve energy after being exposed to one of the RCEA Program messages. In fact, almost 90% of the respondents reported awareness of compact fluorescent lights (CFLs) and 70% were aware of the ENERGY STAR® label as an indicator that an appliance was more energy efficient.

The RCEA Program Evaluation report is provided as Attachment B.

During the course of the campaign, the goal of the media placement was to potentially reach 99% of HECO's residential market with exposure to the RCEA Program advertising messages approximately 150 times annually, through a combination of television, radio and print media. In fact, this goal was surpassed, even when considering only the media schedule for television and radio alone. These schedules achieved a reach of 99%³ of HECO's residential market with a frequency of 175 times annually over the course of the program.

Further details are provided in The Residential Customer Delivery Program Report, which is provided as Attachment C.

The high levels of awareness and the reach and frequency of the RCEA Program's aggressive mass media advertising campaign probably contributed to the significant achievements by the Residential DSM programs in 2007. As reported in the 2006 M&E Report, HECO's residential energy efficiency programs achieved 163% of the 2007 demand projections. There was also a phenomenal response from customers in CFLs purchases through the ESH Program and solar water heating installations reached a record high of 3,087 systems installed in 2007. The RDLC or EnergyScout Program also exceeded expected goals and achieved 163% of the 2007 demand reduction goal.

These achievements appear to be continuing in 2008, with the DSM Programs already producing gross reductions in capacity requirements of 30.4 MW and gross energy savings of 109,366 MWh through the first eight months of the year.

An analysis of HECO's billing records indicates that the RCEA messages were not only heard and acted on, but that residential electricity use was affected as well.

Residential Electricity Use Pre and Post RCEA Campaign	Jan - June 2007	Jan - June 2008*	% Change
Average Monthly kWh Use Per Residential Customer	661	644	-2.6%

* Adjusted for leap year.

Average residential electricity use has declined almost 3% during the course of the RCEA Program campaign. In the six months prior to the start of the RCEA Program advertising efforts, the average residential customer used 661 kWh per month. During the same period in 2008, average monthly usage had dropped almost 3%. This represents a reduction in residential electricity use of 53 GWh annually, for an estimated annual customer savings of over \$15 million annually at current HECO rates.

³ Statistically, 99% is the maximum reach for any media.

Given the high levels of awareness of the RCEA messages, the large percentages of customers that report taking action as a result, the broad reach of the program, and the success of the energy efficiency programs, it is reasonable to conclude that the RCEA Program contributed to this reduction in residential electricity use.

C. 2009 Budget

Based on the success of the RCEA Program, HECO maintains that it is still beneficial to continue this program. Therefore, HECO requests approval to continue the RCEA Program in 2009. The proposed 2009 annual budget for the RCEA Program is the same as the actual expenses for the program in 2007. Details on the proposed budget can be found in Attachment A.

HECO maintains that it has a responsibility for communicating with its customers about energy efficiency and related issues regardless of whether or not the DSM energy efficiency programs are transferred to a third party administrator. Encouraging customers to make energy efficiency part of their everyday lives serves many purposes. When customers are aware of ways to reduce their energy usage, they are more likely to adopt energy efficient practices and technologies, which in turn drives reductions in demand. If customers receive energy conservation and efficiency information via multiple sources, including the electric utility, it helps increase credibility, reinforces the messages and increases penetration.

The utility is also held accountable, directly or indirectly, for achieving energy efficiency results. And reductions in demand are particularly important since HECO continues to operate in a reserve capacity shortfall situation. HECO is looked to as having the ultimate responsibility for reliable service.

For these reasons HECO requests approval of the annual budget to conduct the RCEA Program throughout 2009, even if the DSM energy efficiency programs are transferred to a third party administrator.

**Table X.B
RCEA Program
2009 Impacts and Budget
(Source: Attachment A)**

	Budget
RCEA Program	\$1,719,857

D. Program Modifications

HECO does not plan any modifications for the RCEA Program in 2009.

XI. RDLC PROGRAM

A. Background

The RDLC Program provides monthly incentives to customers that allow HECO to interrupt their electric resistance water heaters or central air conditioners during periods when HECO is having, or anticipates having, difficulty meeting the load. Program activities are directed toward enrolling additional customers into the program and maintaining the participation of customers already enrolled. In 2009, the RDLC Program is projected to install load control receivers on 4,000 residential electric resistance water heater and 1,000 central a/c units. This would bring total enrollment in the RDLC Program to approximately 40,000 residential customers with electric resistance water heating and 2,100 residential customers with central a/c units and provide an estimated 24.5 MW of directly controllable load via load control receivers by the end of 2009.

B. 2009 Impacts and Budget

The budget and impacts for the RDLC Program in 2009 have been modified compared to the budget and impacts approved in Decision and Order No. 23181, issued on December 29, 2006, Docket No. 03-0166. HECO had assumed that the market for the RDLC Program would be saturated by 2009 and had only assumed the installation of 255 load control receivers on water heaters in its budget increase request. However, customer acceptance of the program continues to be good and HECO now expects to install 4,000 load control receivers on water heaters. Participation in the central a/c component of the program remains the same as approved. Incentives, outside services equipment installation, and impacts have been increased to account for greater participation in the water heating option than originally forecasted. However, HECO expects a slowdown in customer acceptance for water heaters when compared to 2007 (10,457 water heater installations) and 2008 (approximately 10,000 installations) as the market approaches saturation. Most customers have seen the RDLC offer multiple times since 2005. HECO continues to work with the military developers to install load control devices on not only water heaters but central a/c units as well.

Details on the proposed budget and increased impacts can be found in Attachment A. Base expenses for labor, tracking, evaluation, advertising/marketing, training, and materials and miscellaneous are included in the budget to reflect the total program budget, however, these expenses will be recovered through base rates and not through the IRP Cost Recovery Adjustment.



WARD RESEARCH
I N C O R P O R A T E D

**RESIDENTIAL CUSTOMER ENERGY AWARENESS (RCEA)
PROGRAM EVALUATION**

Prepared for:

HAWAIIAN ELECTRIC COMPANY

September 2008

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EXECUTIVE SUMMARY

These findings summarize the evaluation of Hawaiian Electric's Residential Customer Energy Awareness (RCEA) Program. The objectives for this evaluation were to determine if an aggressive customer communications program can 1) change levels of residential customer awareness of energy options; and 2) encourage customers to adopt energy efficient appliances and behavior.

Hawaiian Electric Company implemented a multi-faceted communications campaign in June 2007, as part of the RCEA Program. Ward Research, Inc., conducted three telephone surveys related to the RCEA campaign. The surveys measured levels of advertising awareness and recall of conservation messages; perceptions/understanding of sources of energy consumption in the household; awareness of peak period; and awareness of residential energy conservation measures and reported behaviors related to those measures. The baseline survey was conducted May 1-12, 2007, among n=403 Oahu residents, and the final (Wave III) survey was conducted June 12-23, 2008, among n=401 Oahu residents.

More than nine in ten respondents (93.8%) recalled at least one of six messages/advertising elements from Hawaiian Electric and nearly half of all respondents (46.6%) reportedly did something differently in order to conserve energy after seeing or hearing an energy conservation ad. Based on survey results, the RCEA Program has been successful in both generating awareness of energy options and in prompting residents to take steps to conserve energy.

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Measure	%
Recall of six messages/advertising elements from Hawaiian Electric	93.8%
Took action as a result of advertising	46.6%
Installed or switched to CFLs	27.2%
Turned off lights	13.2%
Overall awareness: CFLs	87.3%
Overall awareness: ENERGY STAR®	69.8%
Base =	(401)

Nearly three-fifths of the respondents who said that they did something differently as a result of seeing or hearing energy advertising (58.3% or 27.2% of the total sample) said that they installed or switched to CFLs and nearly three out of ten (28.3% or 13.2% of the total sample) said that they turned off lights or used fewer lights.

More than three in four respondents overall (76.6%) recalled ads featuring CFLs. Reported awareness of CFLs or compact fluorescent bulbs is very high at 87.3%. Four in five respondents (81.3%) indicated awareness of CFLs unaided (without a description) and another 6.0% said that they had heard of CFLs after being read a description of CFLs. One-half of all respondents (50.6%) reportedly installed CFLs in their homes in the past year and one-fifth (20.9%) suggested installing CFLs when asked for things that residents could do to lower their energy bill.

Nearly two-thirds of respondents (63.3%) said they saw an ad relating to ENERGY STAR®. Overall, seven in ten respondents indicated awareness of ENERGY STAR (69.8%). Seven in ten respondents (71.3%) also mentioned the ENERGY STAR label as an indicator that one appliance is more efficient than another.

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Key messages from the RCEA campaign, then, were played back strongly in the post-campaign surveys conducted. Similarly, self-reported data underscored the adoption of energy efficient appliances and conservation behaviors. These two findings support the successful achievement of Hawaiian Electric's stated goals ("to determine if an aggressive customer communications program can 1) change levels of residential customer awareness of energy options; and 2) encourage customers to adopt energy efficient appliances and behavior".)

OBJECTIVES AND METHODOLOGY

The objectives for this evaluation of the RCEA Program were to determine if an aggressive customer communications program can change levels of residential customer awareness of energy options and encourage customers to adopt energy efficient appliances and behavior.

A telephone survey of n=403 Oahu residents was conducted May 1-12, 2007, prior to the launch of Hawaiian Electric's RCEA campaign. A second wave of the survey was conducted on November 1-10, 2007, among n=400 residents. The final survey was conducted June 12-23, 2008, among n=401 residents.

	Data Collection Period	Sample Size	Maximum Sampling Error at 95% Confidence Level
Wave I	May 1-12, 2007	n=403	+/-4.9%
Wave II	November 1-10, 2007	n=400	+/-4.9%
Wave III	June 12-23, 2008	n=401	+/-4.9%

The objective of the surveys was to help Hawaiian Electric track awareness of energy issues and messages among Oahu residents. Specifically, the surveys sought to find reported levels of advertising awareness and recall of conservation messages; perceptions/understanding of sources of energy consumption in the household; awareness of peak period; awareness of residential energy conservation measures and reported behaviors related to those measures; and beliefs on key attitudinal statements related to energy conservation. (See attachment for full survey results.)

The survey instruments were based on the draft survey instrument included in Hawaiian Electric's application to the Public Utilities Commission in Docket no. 03-0142 and modified only slightly by Hawaiian Electric and Ward Research. Hawaiian Electric was not identified as the sponsor of the research. The final survey instrument was nearly identical to the instrument used in the baseline; copies of these are in the Appendix.

A random digit dialing (RDD) method was used to generate phone numbers for this study in order to reach households with listed and unlisted phone numbers. All interviewing was conducted from the Calling Center in the Ward Research downtown Honolulu office. The Calling Center is equipped with a Computer Assisted Telephone Interviewing (CATI) system, which allows for the 100% monitoring of calls through a combination of electronic and observational means. Prior to interviewing, the questionnaire was pre-tested for length and to ensure questionnaire language flows smoothly and is easily understood. Data processing was accomplished using SPSS for Windows, an in-house statistical software package.

A copy of the detailed findings can be found in the report "Residential Customer Energy Awareness Campaign Telephone Survey --- Wave III ---" dated July 2008.

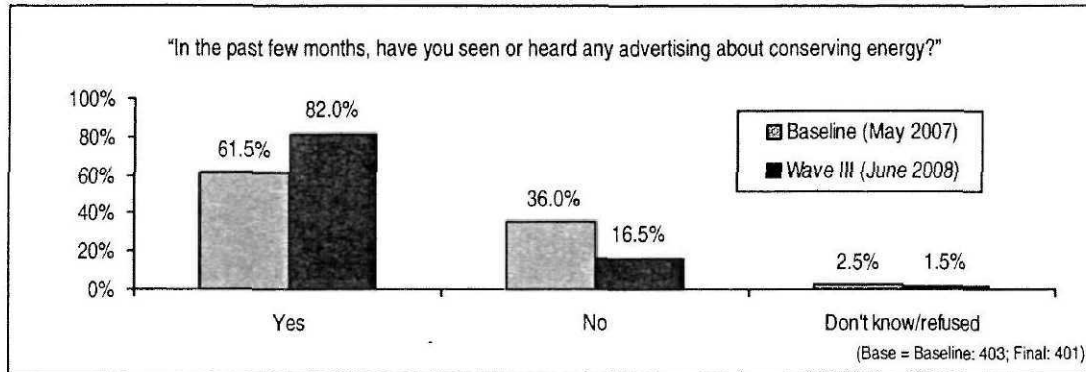
ENERGY AWARENESS

The first objective of the RCEA Program was to determine if an aggressive customer communications program can change levels of residential customer awareness of energy options.

Prior to the campaign, the findings showed 61.5% of the respondents on an unaided basis did recall hearing or seeing some type of energy conservation ad from Hawaiian Electric. This level of recall likely may be attributed to the ongoing advertising conducted by the Company's integrated advertising campaign prior to the commencement of the RCEA Campaign. Since 2005, the Company's advertising messages were developed with elements of both energy awareness and its Demand Side Management program details.

Recall of advertising regarding energy conservation in general increased 20.5 percentage points from the pre-campaign measure in May 2007 to the Wave III post-campaign measure in June 2008, underscoring the successful reach and recall of the RCEA campaign. Oahu residents were asked, *"In the past few months, have you seen or heard any advertising about conserving energy?"* More than four in five respondents in the final Wave III survey said that they had seen or heard advertising about energy conservation (82.0%), compared to three in five respondents in the survey conducted before the campaign was launched (61.5%). Nearly two-fifths among them recalled ads about CFLs, 33.7 points higher than in the baseline measure (37.7% - up from 4.0%), and one-fifth said that they saw ads featuring solar water heaters, 7.2 points higher than in the baseline measure (21.3% - up from 14.1%).

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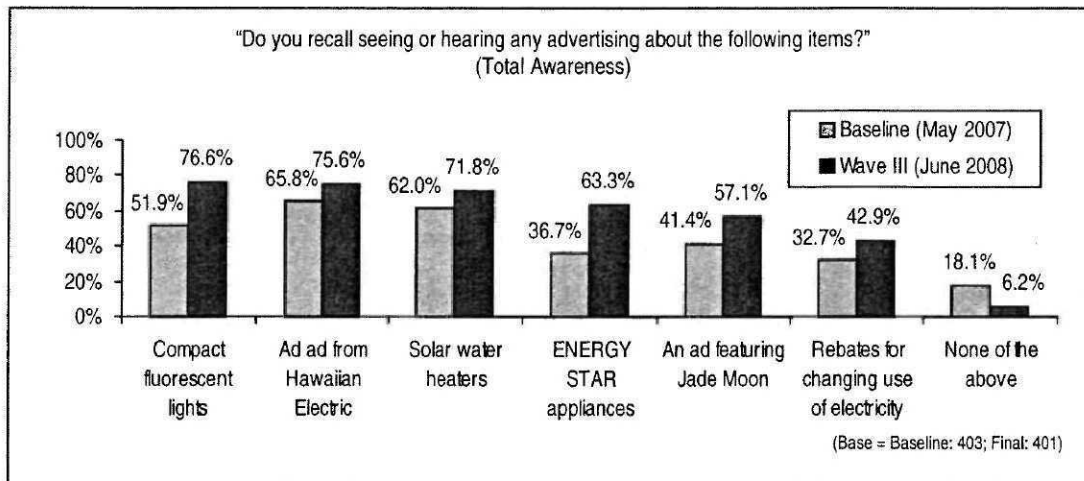
From a combination of questions addressing unaided and aided advertising playback, recall of key campaign messages and elements were gauged below. Playback of messages regarding compact fluorescent lighting (CFLs) and solar water heaters was strong, with each identified by at least seven out of ten respondents. Association of the campaign with Hawaiian Electric was also strong, at 75.6%.

- Rebates for changing the ways you use electricity
- CFLs or compact fluorescent lighting
- Solar water heaters
- ENERGY STAR appliances
- An ad from Hawaiian Electric
- An ad featuring Jade Moon

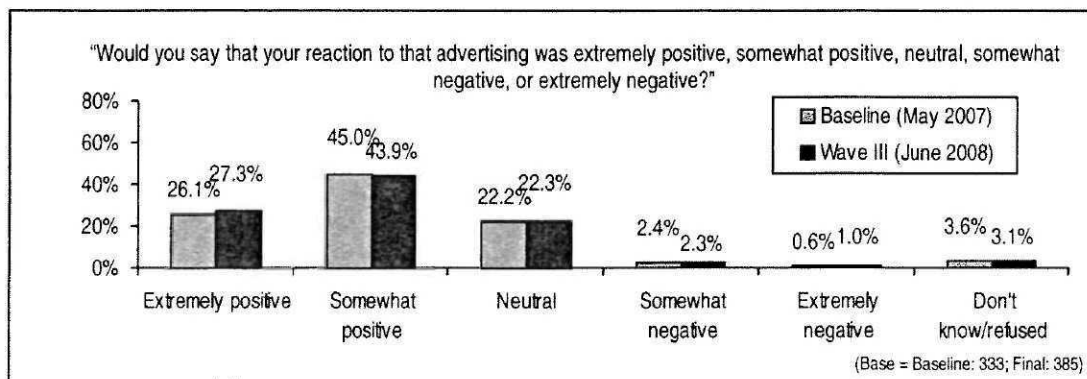
Based on responses in the Wave III survey, 93.8% of all residents recalled at least one of the six ad messages/elements, compared to 81.9% in the baseline measure. The increases in recall of the individual messages/elements from the baseline to the Wave III survey are dramatic. More than three-fourths of respondents said they remembered ads sponsored by Hawaiian Electric, up 9.8 points from the baseline (75.6% - up from 65.8%). Recall of ads relating to ENERGY STAR appliances increased 26.6 points

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(63.3% - up from 36.7%), while recall of ads featuring CFLs increased 24.7 points (76.6% - up from 51.9%). There were also increases in recall of ads featuring Jade Moon (up 15.7 points to 57.1%), ads for rebates for changing how electricity is used (up 10.2 points to 42.9%), and ads featuring solar water heaters (up 9.8 points to 71.8%).

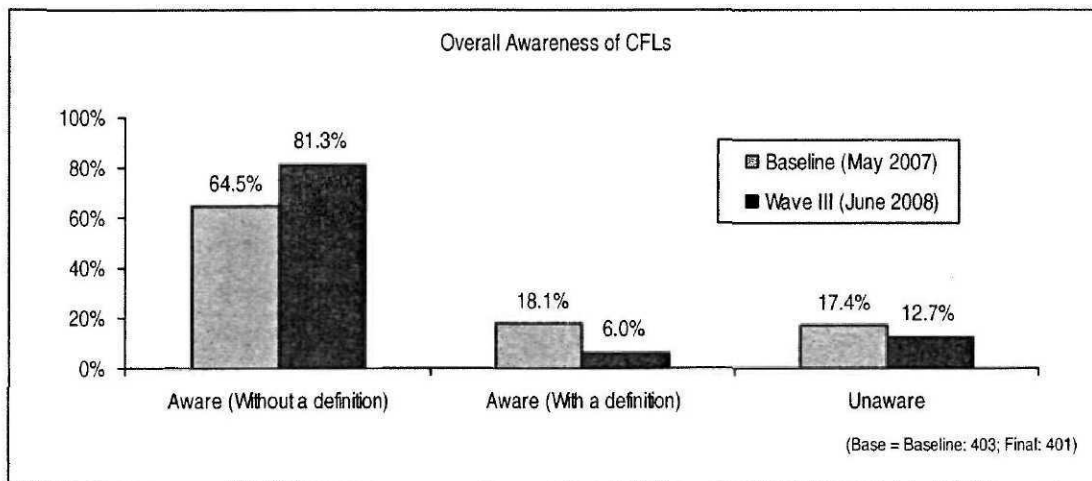


Reaction to the energy conservation ads (including the six messages/elements from Hawaiian Electric), in general, was positive, with 27.3% of respondents saying that they had an "extremely positive" reaction and another 43.9% saying that they had a "somewhat positive" reaction.



Compact Fluorescent Lights (CFLs)

Since the launch of the RCEA campaign, unaided awareness of CFLs (knowledge of CFLs without a definition) increased 16.8 points (81.3% - up from 64.5%), while total awareness increased 4.7 points.

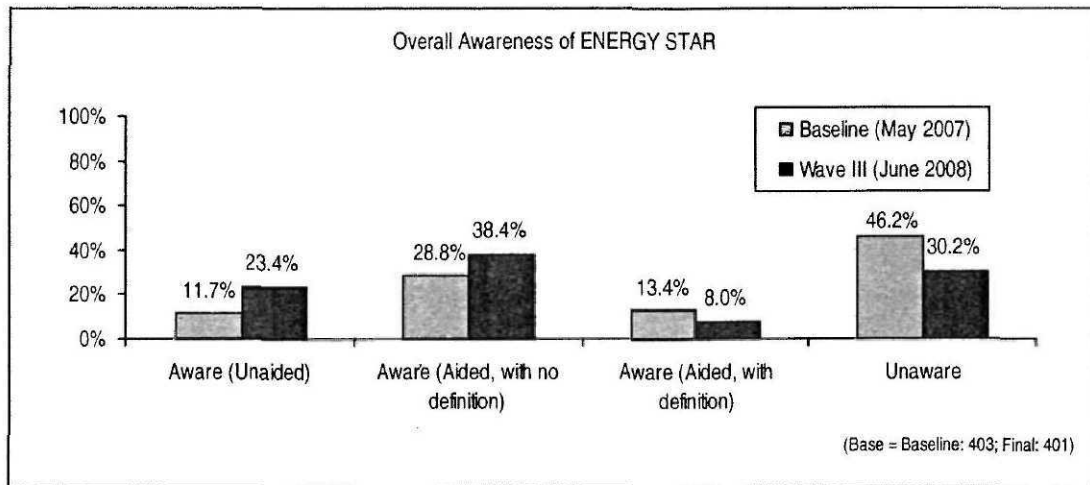


ENERGY STAR

Overall awareness of ENERGY STAR similarly increased since the start of the campaign, from 53.9% to 69.8%. (Note that the proportion of Oahu residents who said that they saw an ad relating to ENERGY STAR nearly doubled after the RCEA campaign was launched, up from 36.7% to 63.3%). Top-of-mind mention of the ENERGY STAR label as an indicator that one appliance is more efficient than another stands at 23.4% (up 11.7 points from 11.7%). After being asked directly, another 38.4% of residents said that they had heard of ENERGY STAR, a 9.6 point increase from the baseline measure. More than one-half among them said that they had seen or heard something about ENERGY STAR in the past three months, a 14.4 point increase from the baseline (53.6%

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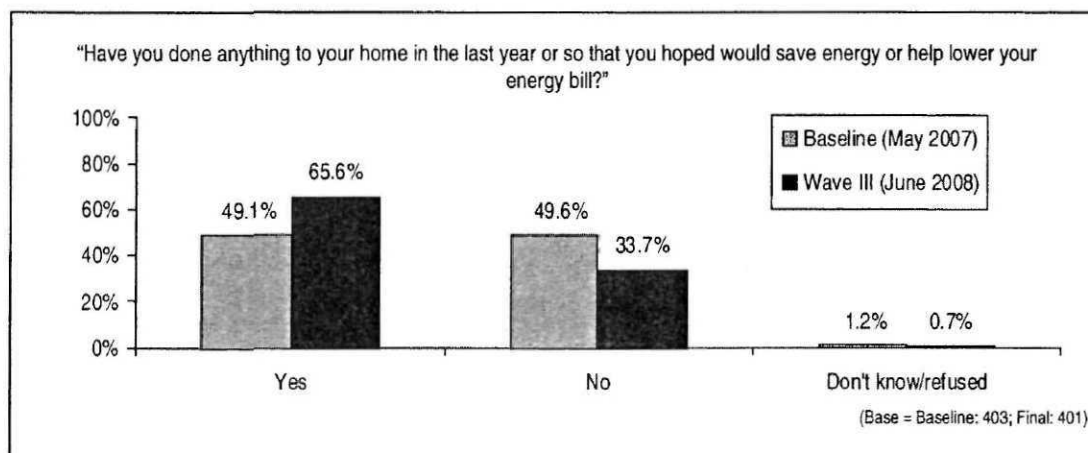
- up from 39.2%). A near majority of them said that they saw something on TV (53.3% - up from 29.4%).



ENERGY CONSERVATION BEHAVIOR

The second objective of the RCEA Program was to see if an aggressive communications program can encourage customers to adopt energy efficient appliances and behavior.

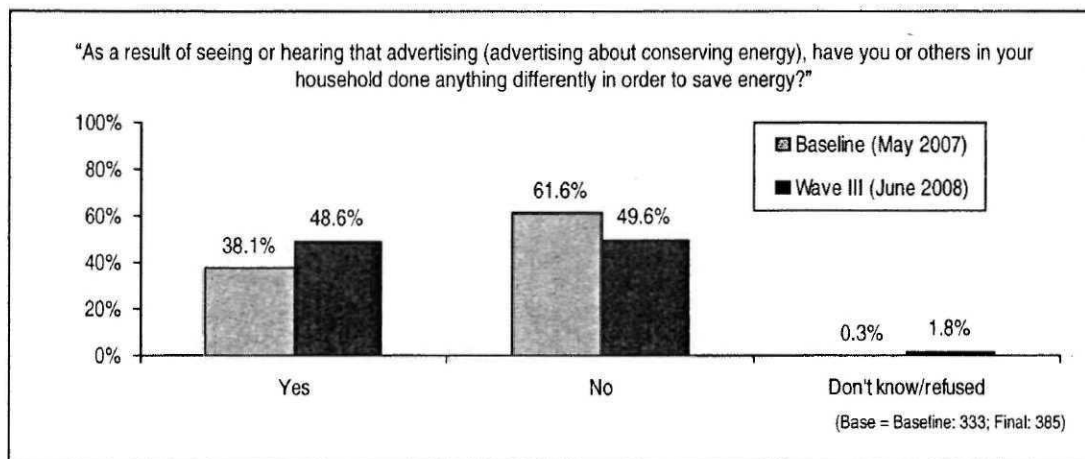
Overall, approximately two-thirds (65.6%) of Oahu residents reportedly did something to their home in the past year that they hoped would save energy or help lower their energy bill. This is a 16.5 point increase from the survey conducted before the RCEA campaign was launched. More than half among them said that they installed compact fluorescent lights (50.6% - up from 32.8%), a 17.8 point increase from the baseline survey. One in four respondents said that they turned off lights or used fewer lights (25.9% - up 3.2 points).



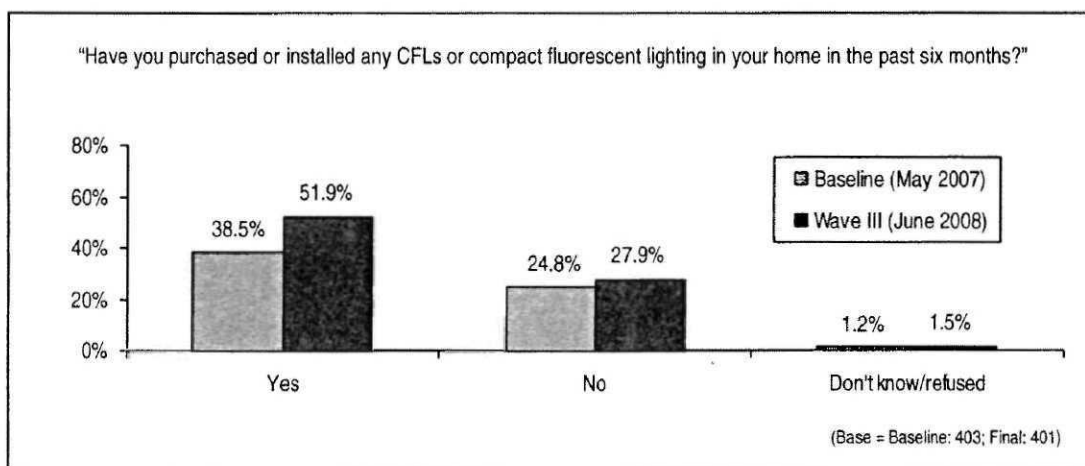
Nearly half of those respondents who said that they had seen or heard energy conservation ads reportedly did something differently in order to conserve energy after seeing or hearing the ad (48.6% - up from 38.1%). This is a 10.5 point increase from the

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baseline survey conducted before the RCEA Program was launched. Consistent with previous responses, the majority of respondents said that they had installed CFLs (58.3% - up from 38.6%), 19.7 points higher than in the baseline measure. Nearly three-tenths of respondents said that they turned off lights/used fewer lights (28.3% - down 6.3 points) and 15.5% said that they unplugged appliances that they weren't using (15.5% - up 0.5 points).



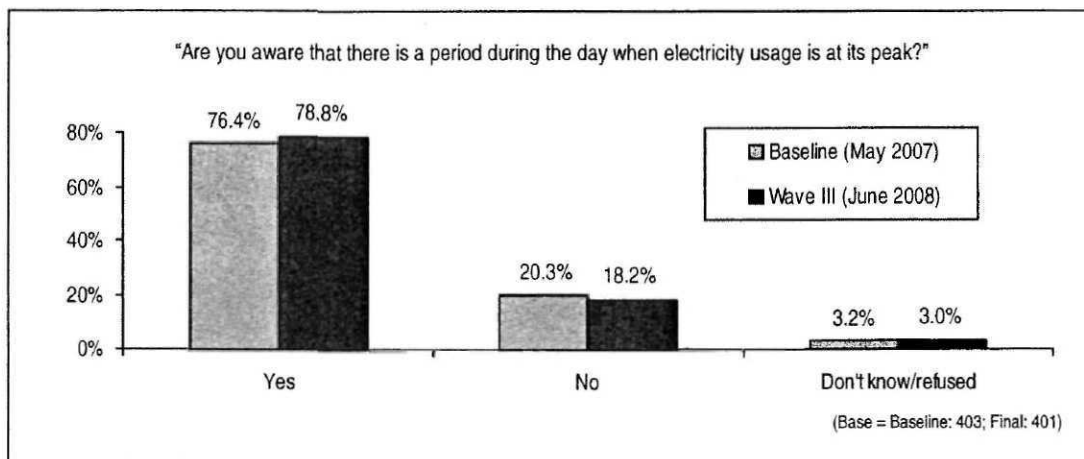
Overall, more than one-half of residents had reportedly purchased or installed CFLs in their home in the previous six months, 13.4 points higher than in the baseline.



In the past year, four residents (out of the n=401 in the Wave III sample) reportedly installed ENERGY STAR appliances in their home, in hopes of saving energy or lowering their energy bill. Thirty-one (31) residents in the Wave III survey said that they installed a solar water heating system in the past year; seven installed a solar water heating system directly as a result of seeing or hearing advertising about it.

CRITICAL PEAK

Awareness of the critical peak period also increased slightly since the RCEA Program was launched. Awareness of *"a period during the day when electricity usage is at its peak"* increased from 76.4% before the campaign to 78.8% in the final survey. More than seven in ten respondents said that they are aware of things they can do or actions they can take during critical peak periods (72.6% - down 1.6 points). These actions include cutting back air conditioning (28.5%) and turning off lights (28.5%).



While most of those saying they were aware of *"a period during the day when electricity usage is at its peak"* could identify the early evening hours as that peak, specific knowledge of the 5:00 p.m. to 9:00 p.m. timeframe was very low (4.4% - up 0.5 points). This suggests that further education is necessary.

Residential Customer Energy Awareness

Program Delivery

2007 – 2008

Residential Customer Energy Awareness Program Delivery

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Residential Customer Energy Awareness Program Delivery
Executive Summary

Executive Summary

The primary objective of the Residential Customer Energy Awareness (RCEA) Pilot Program was to determine if an aggressive mass media advertising campaign could increase residential customer awareness of energy choices and encourage customers to adopt energy efficient behavior. To achieve the objectives of the RCEA program a number of tasks need to be implemented.

The following are the program tasks as outlined in the RCEA application and a summary of how each task was implemented. Copies of all associated advertising materials will be provided via separate correspondence.

1. Conduct Initial Customer Survey

The baseline customer survey was conducted from May 1 -12, 2007. A sample of 403 interviews was completed with the overall objective to measure awareness of energy conservation issues and messages among Oahu residents.

The findings showed 61.5% of the respondents on an unaided basis did recall some type of energy conservation message from Hawaiian Electric. The recall of the energy conservation message was probably attributed to the ongoing advertising conducted by the Company's integrated advertising campaign. Since 2005 the Company's advertising messages were developed with elements of both energy awareness and its Demand Side Management program details.

2. Develop Initial Media Themes

Three general message themes were developed (Environment, Local Benefits, and Tips) and 11 concepts were developed around the three content areas.

3. Conduct Focus Groups

The baseline focus groups were conducted on April 18 and 19, 2007 to assist with the concept development. Four focus group sessions were held to test advertising concepts and to help guide the development of the RCEA advertising messages.

The findings from these four sessions suggest that the ad campaign should keep the creative approach very simple, to clearly communicate the key messages.

4. Develop Media Spots – Television, Radio, and Print Advertising

Based on the results of the focus groups, a simple and direct approach with one key piece of information and its benefits per television ad was employed. It was also viewed as important to provide practical messages for customers to save energy and money. During the

Residential Customer Energy Awareness Program Delivery
Executive Summary

campaign three television ads were produced and one television ad is currently scheduled to be produced.

A direct approach with one key piece of information and its benefits was also developed for the radio ads. During the campaign 19 radio ads were produced and broadcasted.

The print ads also continued the direction of the simple, direct approach with one key piece of information and as customer energy awareness increased, advertorials were produced to provide residential customers with more detail information on energy savings. During the campaign 29 print ads were produced.

In addition to television, radio and print media, other media types were incorporated to increase market reach. The following media which were utilized are: theater screens/ad walls/floor ads, bill inserts, direct mail, and "Green" magazines produced in partnership with a media partner.

5. Develop Point-of-Sale Displays

Point-of Sale displays (signage, shelf talkers, takeaways, channel runners) were produced for the campaign.

6. Begin Media Campaign

During the course of the campaign, the goals of the media campaign were to potentially reach 99% of the Hawaiian Electric residential market and with more than 150 exposures to the campaign messages through television, radio, and print.

Television provided the highest level of exposure to the messages and during the course of the campaign was successful in achieving its goal of reaching 99% of its residential market with a frequency of more than 12 times during a three week period.

However, as radio becomes more fragmented and with more stations targeting smaller audiences, maintaining the plan of reaching 75% of its residential market an average of 10 times during a three week period became too expensive and not cost efficient. Therefore, the Gross Rating Points for the radio buys were reduced to reach 68.8% of Hawaiian Electric residential customers but to increase the average number of times (12x) customers would be exposed to the message.

7. Schedule and Conduct Major Community Events

Planning efforts, manpower, advertising and promotions were provided in support of Hawaiian Electric's "Live Energy Lite" event held on September 29, 2007 and scheduled for October 11, 2008 at Pearlridge Center. The event kicks off Energy Awareness Month, usually commemorated yearly in October.

Residential Customer Energy Awareness Program Delivery
Executive Summary

8. Schedule and Conduct Home Shows and Other Events

In addition to the "Live Energy Lite" event and the School program (see below), promotional materials were developed that supported trade shows and other associated events.

9. Schedule and conduct School Programs

Two energy conservation school videos were produced in partnership with the State of Hawaii Department of Education and Hawaiian Electric's "Home Energy Challenge" contest.

10. Conduct Second Customer Survey and Focus Groups

The second customer survey was conducted from November 1 -10, 2007. A sample of 400 interviews was completed with the objective of tracking increase in customer awareness of energy conservation and the effectiveness of the various advertising mediums.

The second set of focus groups were held on November 14 -15, 2007. Four focus group sessions were conducted to help track increase awareness of energy conservation and current advertising messages.

11. Conduct Third Customer Survey and Focus Groups

The third focus groups were held on April 30 and May 1, 2008. Four focus group sessions were conducted among 39 Oahu residents, with two groups of single-family home residents and two groups of multi-family home residents. The purpose was to test new advertising concepts and to provide continued guidance in developing advertising messages for both print and television.

The results of these four focus groups continued to suggest that the simplicity of the message is key in overall appeal and effectiveness in compelling residents to adopt energy efficient measures.

The third customer survey was conducted from June 12 through June 23, 2008. A sample of 401 interviews was completed with the overall objective to track awareness of energy conservation issues and messages among Oahu residents.

The findings from the third customer survey reveal the RCEA campaign continues to be successful in generating greater levels of awareness and recall of energy conservation messages. In particular, awareness of ENERGY STAR and solar water heating messages has significantly increased when compared to the second survey results.

12. Conduct Final Customer Survey and Energy Usage Comparisons

Due to the timing of submitting the RCEA Program Delivery report prior to the end of the RCEA pilot program, the third customer survey report will replace the final customer survey.

Residential Customer Energy Awareness Program Delivery
Executive Summary

Data collection of Hawaiian Electric residential customers during the first six months of 2007 (prior to the start of the RCEA advertising campaign) when compared to the same six month period in 2008 (during the RCEA campaign) showed a decreased in electric usage patterns by almost 3%.

13. Prepare and File Final Report

Since the RCEA Program Evaluation report is being submitted before the end of the RCEA pilot program, this report take the place of the Final Report.

Residential Customer Energy Awareness Program Delivery
Program Delivery

Program Delivery

1. Conduct Initial Customer Survey

The baseline customer survey was conducted from May 1 - 12, 2007. A sample of 403 interviews was completed with the overall objective to measure awareness of energy conservation issues and messages among Oahu residents.

The findings showed 61.5% of the respondents on an unaided basis did recall hearing or seeing some type of energy conservation ad from Hawaiian Electric. Respondents' recall was probably attributed to the ongoing advertising conducted by the Company's integrated advertising campaign. Since 2005 the Company's advertising messages were developed with elements of both energy awareness and details of its Demand Side Management program.

In fact, over half of the respondents recalled ads specifically about CFLs (51.9%) and solar water heating (62%). In contrast, ENERGY STAR® messages were not developed by the Company at this time and as expected only 36.7% of the respondents recognized the ENERGY STAR® label as an indicator if an appliance was more energy efficient.

Interestingly, only about half of the respondents (49.1%) within the year prior to the baseline survey had adopted some type of energy saving measure to lower their energy bill.

2. Developed Initial Media Themes

Three general message themes were developed (Environmental, Local Benefits, and Tips) and 11 different treatments were produced around the three content areas:

Environmental

- a. "Purple Cloud"
- b. "Save the Planet"
- c. "Shrinking Island"
- d. "Jade in the Mist"

Local Benefits

- e. "Clock Strikes 5PM"
- f. "A Tip For You"
- g. "Can I Borrow"
- h. "Korean Soap Opera"
- i. "What If"

Tips

- j. "Simple Exercises"
- k. "Jade Goes Back to School"

Residential Customer Energy Awareness Program Delivery
Program Delivery

3. Conduct Focus Groups

The baseline focus groups to assist with the concept development were held on April 18 and 19, 2007. Four focus group sessions were conducted to test advertising concepts to help guide development of the RCEA ad campaign and to help identify any potential barriers to the six different concepts which were tested.

Environment

- a. Concept A – "Purple Cloud"
- b. Concept C – "Save the Planet"
- c. Concept E – "Shrinking Island"

Local Benefits

- d. Concept D – "Clock Strikes 5PM"

Tips

- e. Concept B – "Simple Exercises"
- f. Concept F – "Tips for You"

The results of these four focus group sessions suggested that the ad campaign should simplify the creative approach, to clearly communicate the key messages. In fact, for television, it was recommended to target one key message and its benefits per ad.

4. Develop Media Spots – Television, Radio and Print Advertising

A. Television

Based on the findings of the focus groups, a simple and direct approach with one key piece of information and its benefits per television ad was employed. It was also important to provide practical messages for customers to save energy and money. During the campaign three television ads were produced and one television ad is currently scheduled to be produced. The three television ads are described below. Electronic copy (DVD) and hard copy will be provided in a separate correspondence.

Residential Customer Energy Awareness Program Delivery
Program Delivery

1. "Change"



Concept: Generate awareness of the environmental and cost benefits of switching to compact fluorescent lights.

Execution: The ad educates the consumer on the potential savings in money and energy if they switch to CFLs. Jade Moon in a casual home setting addresses how small changes within the home can result in substantial savings for the average Hawaii home. The ad closes with a visual and audio push to the Hawaiian Electric website for coupons.

Residential Customer Energy Awareness Program Delivery
Program Delivery

2. "Quality"



Concept: Generate awareness on the benefits of installing a solar water heating system.

Execution: The ad informs the consumer of the potential savings in money and energy by installing a solar water heating system. Jade Moon in a comfortable home setting will walk through the home and identify major appliances that typically benefit from a solar water heating system. Jade closes the ad by directing consumers to the Hawaiian Electric website for more information.

Residential Customer Energy Awareness Program Delivery
Program Delivery

3. "Advantages"



Concept: Generates awareness on the benefits of purchasing ENERGY STAR appliances.

Execution: The ad informs the consumer on the potential cost and energy savings. A family opens the ad in their home kitchen searching for appliances online. The family moves to a retail location shopping for refrigerators with the ENERGY STAR label. Also displayed is the list of Oahu ENERGY STAR rebates for specific products. The ad closes with Jade directing consumers to the Hawaiian Electric website to download the rebate form.

4. "Energy Users" (To be produced)

Concept: Generate awareness utilizing a dramatic effect to show which home appliances can use the most energy in a typical Hawaii home.

Execution: The ad informs the consumer about which appliances could be your large energy user and provides the consumer with energy savings options. The ad shows various appliances "oversized" to exaggerate the amount of energy they can use. Jade Moon takes us through a typical Hawaii home and shows us appliances that usually use a large amount of energy. With each appliance she provides a few energy saving tips. Jade concludes by directing consumers to the Hawaiian Electric website for more energy saving tips.

Residential Customer Energy Awareness Program Delivery
Program Delivery

B. Radio

Based on the results of the focus group, a simple, direct approach with one key piece of information and its benefits was also developed for the radio ads. Messages were developed with consumer-oriented information on how to save energy and money. During the campaign 19 radio ads were produced. The ads are described below. An electronic copy (CD) and hard copy will be provided in a separate correspondence.

1. "Watt vs. Watt" – 3 versions, :60, :10, :05

This series of ads compares the wattage of a compact fluorescent light with an old fashioned light bulb. The savings in watts of the CFL results in a monetary savings. To connect with listeners, this information is delivered by "Jennifer" and "Glenn," hosts of the fictitious show "Watt's Happening."

2. "Lifespan" – 3 versions, :60, :10, :05

This series of ads educates listeners that a compact fluorescent light can last well past 5 years. That's 8 to 10 times longer than an old fashioned light bulb. This information is delivered by "Jennifer" and "Glenn," hosts of the fictitious show "Watt's Happening."

3. "Reflector" – 3 versions, :60, :10, :05

This series of ads lets listeners know that there are different types of compact fluorescent lights for different fixtures, including Bare Spiral and Reflector CFLs. This information is delivered by "Jennifer" and "Glenn," hosts of the fictitious show "Watt's Happening."

4. "Roof" - :60

"Roof" highlights the \$1000 Rebate that a homeowner receives from Hawaiian Electric when the solar water heating system is installed by an approved Hawaiian Electric solar contractor. 35% State and 30% Federal tax credits, along with a free 100-point inspection from Hawaiian Electric are also covered. This information is delivered by "Jennifer" and "Glenn," hosts of the fictitious show "Watt's Happening."

5. "Tax Credit" - :60

"Tax Credit" highlights the 35% State and 30% Federal tax credits that a homeowner can apply for when the solar water heating system is installed by an approved Hawaiian Electric solar contractor. The \$1000 Rebate and free 100-point inspection

Residential Customer Energy Awareness Program Delivery
Program Delivery

from Hawaiian Electric are also covered. This information is delivered by "Jennifer" and "Glenn," hosts of the fictitious show "Watt's Happening."

6. "Dimmables" - :60

"Dimmables" informs listeners that a Dimmable compact fluorescent light is available to use in fixtures controlled by a dimmer switch. Reflector CFLs are also mentioned. This information is delivered by "Jennifer" and "Glenn," hosts of the fictitious show "Watt's Happening."

7. "Dimmables 2" - :60

"Dimmables 2" updates information in the "Dimmables" ad, adjusting the number of CFLs purchased on Oahu in 2007 from half a million to 700,000.

8. "Star Gazing" - :60

"Star Gazing" educates listeners about the rebates that Oahu residents can earn when purchasing Energy Star appliances, including dishwashers, ceiling fans, clothes washers, window air conditioners and refrigerators. This information is delivered by "Jennifer" and "Glenn," hosts of the fictitious show "Watt's Happening."

9. "I Will" - :60

"I Will" communicates the many benefits that come from switching from old fashioned light bulbs to Compact Fluorescent Lights, including the savings per bulb per year, the savings per home per year and preservation of the environment. Jade Moon delivers this information with the help of talent that represents local residents of different ages.

10. "Kahuna" :60

"Kahuna" covers the natural elements we have in Hawaii, then focuses on the sun and solar water heating. Jade Moon delivers the benefits to the homeowner of installing a solar water heating system.

11. "Re-bait" - :60

"Re-bait" is part of a series of "live" ads delivered by Perry & Price during morning drive time on KSSK. The ad features the \$1000 rebate a homeowner receives when having a solar water heating system installed by a Hawaiian Electric-approved solar contractor. It also gives other benefits of a solar water heating system, including 35% State and 30% Federal tax credits, along with the free 100-point inspection from Hawaiian Electric.

12. "Singing" - :60

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Program Delivery

"Singing" is part of a series of "live" ads delivered by Perry & Price during morning drive time on KSSK. The ad enumerates the benefits of installing a solar water heating system by a Hawaiian Electric-approved solar contractor, including 35% State and 30% Federal tax credits, along with the \$1000 rebate and free 100-point inspection from Hawaiian Electric.

13. "Twinkle" - :60

"Twinkle" is part of a series of "live" ads delivered by Perry & Price during morning drive time on KSSK. The ad gives information on how to get Hawaiian Electric rebates on the purchase of Energy Star appliances, including dishwashers, ceiling fans, clothes washers, window air conditioners and refrigerators.

14. "Ice Cream Cone" – :60

"Ice Cream Cone" is part of a series of "live" ads delivered by Perry & Price during morning drive time on KSSK. This ad delivers information on the number of Compact Fluorescent Lights purchased by Oahu residents in 2007, along with details on dimmable CFLs.

15. "Switch" - :60

In "Switch," Jade Moon joins Perry & Price in a "live" ad that delivers the benefits of switching to Compact Fluorescent Lights, including the savings per bulb per year and per home per year. A CFL helps reduce greenhouse gasses entering the environment as well.

16. "Renewable" - :60

In "Renewable," Jade Moon joins Perry & Price in a "live" ad that talks about the sun as a renewable source of energy, and how homeowners can take advantage of the sun's energy by contracting with a Hawaiian Electric-approved Solar Contractor to install a solar water heating system.

17. "At Home" - :60

"At Home" opens with a message about the price of oil and how that affects the cost of electricity. The ad then gives tips on saving energy around the home, which can also help save money and the environment. Jade Moon delivers the information in this ad.

18. "Simple Tips" - :60

Part of a series of two ads that includes "At Home," "Simple Tips" covers additional tips for the home that can help save energy, money and the environment. Jade Moon delivers the information in this ad.

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19. "LEL" - :60

"LEL is a station-produced ad that promotes Hawaiian Electric's "Live Energy Life" event at Pearlridge Center. Various energy-saving tips are given, delivered by Janeen Loose of Hawaiian Electric and a radio station DJ.

<u>Spot/Product</u>	<u>Medium</u>	<u>Air Dates</u>	<u># of Airs</u>	<u>GRPs</u>
2008 LEL - Event (:60)	KRTR-AF, KCCN-FM, KINE-FM/KKNE-AM KPHW-FM	09/29/08 - 10/11/08	385	266.3
2007 LEL - Event (:60)	KRTR-AF, KCCN-FM, KINE-FM/KKNE-AM KPHW-FM	09/24/07 - 09/30/07	301	274.1

C. Print

The print ads continued the direction of the simple, direct approach with one key piece of information. Messages were developed with consumer-oriented information on how to save energy and money. During the course of the campaign, as customers' energy awareness increased, advertorials were produced to provide residential customers with more detail information on energy savings. During the campaign 29 print ads were produced. The ads are described below. Copy will be provided in a separate correspondence.

1. "Benefits of HECO Approved Solar"

This newspaper ad details the main benefits of using a Hawaiian Electric-approved solar contractor to install a solar water heating system. This ad runs in rotation with "Contractors List," which gives a complete list of Hawaiian Electric-approved solar contractors.

2. "Contractors List"

This is one in a series of newspaper ads in which Hawaiian Electric-approved solar contractors are listed, giving consumers a choice of contractors who can install a quality solar water heating system in their homes. In each rotation of the ad, a different contractor is listed first.

3. "Benefits of HECO Approved Solar - \$1,000 Rebate"

This solar water heating ad is an update of "Rev. 3 - BHAS," in which the benefit of a "\$750 Instant Rebate" from Hawaiian Electric has been changed to a "\$1,000 Instant Rebate."

Residential Customer Energy Awareness Program Delivery
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4. "Be Energy Wise"

This ad was designed to run in "green" newspaper supplements, giving information on solar water heating systems along with everyday energy saving tips. The concluding message is that saving energy and resources can have a positive effect on the environment.

5. "\$14 Savings"/ "\$300 Savings"/ "\$1, \$2, \$3 Discount Coupons"/ "75% Less Electricity"

For maximum impact, these four benefits of switching to Compact Fluorescent Lights were arranged in the four corners of a newspaper spread. Media was negotiated so that no other advertisements appeared on this spread.

6. "\$1, \$2, \$3 Discount Coupons"/ "\$14 Savings"

These two benefits of switching to Compact Fluorescent Lights were arranged in two corners of a newspaper page. Media was negotiated so that no other advertisements appeared on this page.

7. "\$1, \$2, \$3 Discount Coupons"/ "\$300 Savings"

These two benefits of switching to Compact Fluorescent Lights were arranged in two corners of a newspaper page. Media was negotiated so that no other advertisements appeared on this page.

8. "\$1, \$2, \$3 Discount Coupons"/ "75% Less Electricity"

These two benefits of switching to Compact Fluorescent Lights were arranged in two corners of a newspaper page. Media was negotiated so that no other advertisements appeared on this page.

9. "\$1,000 Rebate"/ "\$480 savings"

These two benefits of a solar water heating system were arranged in two corners of a newspaper page. Media was negotiated so that no other advertisements appeared on this page.

10. "Benefits of HECO Approved Solar - I"

This ad is a resize of "Rev. 3 – BHAS." Slightly larger, it ran in a different newspaper publication and outlined the benefits of a new solar water heating system, installed by a Hawaiian Electric-approved Solar Contractor.

11. "New Home Checklist"

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In support of the "BIA-Hawaii Parade of Homes," this newspaper supplement ad outlined the Energy Saving Features that new home buyers should look for as they tour model homes.

12. "Award Winners"

In support of the "BIA- Hawaii Parade of Homes," this newspaper ad congratulated the winner of the 2007 Energy Value Housing Award, recognizing innovative design balanced with energy efficient technology.

13. "Congratulations"

In support of the "BIA- Hawaii Parade of Homes," this newspaper ad congratulated the winner of the 2008 Energy Value Housing Award, recognizing innovative design balanced with energy efficient technology.

14. "Contractors List"

This ad updated the look of "Rev. 2- Contractors List," while keeping the same content of a list of Hawaiian Electric-approved solar contractors. In each rotation of the ad, a different contractor is listed first.

15. "Benefits of HECO Approved Solar – New Logo"

This solar water heating ad is an update of "Rev. 3 – BHAS - \$1000 Rebate." The benefits of installing a new solar water heating system remain the same. The only change is a switch to a new "Solar Water Heating Seal of Approval" logo at the bottom of the ad.

16. "Benefits of HECO Approved Solar II (New Ad)"

This solar water heating ad is an update of "Rev. 3 – BHAS – New Logo." The benefits of installing a new solar water heating system remain the same. The only change is a switch to a new image showing a family on their upstairs lanai, with solar panels on the roof above them.

17. "Save"

This ad ran in a "green" newspaper supplement. It delivered on a theme of saving money, energy and the environment by giving information on compact fluorescent lights, ENERGY STAR appliances, solar water heating systems and everyday, energy saving tips.

18. "Tips"

Similar to "Save," this ad also ran in a "green" newspaper supplement. It offered more detailed information on Hawaiian Electric rebates on ENERGY STAR appliances, along with an estimated calculation of the cost of a solar water heating system with State and Federal tax credits and the Hawaiian Electric \$1,000 rebate taken into account.

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19. "Coupon Insert - CFLs"

This Free Standing Insert is a single color piece (printed front and back) that is inserted into the newspaper. This insert promotes the benefits of CFLs and offers two money saving coupons.

20. "Coupon Insert - Tips"

This Free Standing Insert is single color piece (printed front and back) that is inserted into the newspaper. The front of this insert gives a list of energy saving tips for the home. The back offers detailed information on CFLs and Hawaiian Electric rebates on ENERGY STAR appliances, along with an estimated calculation of the cost of a solar water heating system with State and Federal tax credits and the Hawaiian Electric \$1,000 rebate taken into account.

21. "Coupon Insert – Scout/Peak"

This Free Standing Insert is single color piece (printed front and back) that is inserted into the newspaper. The front of this insert gives detailed information on the ENERGYSCOUT program, along with the benefit of a \$3 monthly credit. The back educates consumers about the Peak Load period.

22. "Super Size"

This newspaper ad has yet to be created. It will let consumers know which appliances are the biggest energy users in the home. It will run in November 2008.

23. "Blueprint Page" – Advertorial 1

This magazine advertorial gives the benefits of installing a Hawaiian Electric-approved solar water heating system. It ran in a magazine aimed at homeowners.

24. "Blueprint Page" – Advertorial 2

This magazine advertorial offered more detailed information on energy savings and Hawaiian Electric rebates on ENERGY STAR appliances. It ran in a magazine aimed at homeowners.

25. "Blueprint Page" – Advertorial 3

This magazine advertorial delivered on a theme of saving energy, money and the environment by giving information on compact fluorescent lights. It ran in a magazine aimed at homeowners.

26. "Blueprint Page" – Advertorial 4

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This magazine advertorial delivered on a theme of saving energy, money and the environment by giving information on compact fluorescent lights. It ran in a magazine aimed at homeowners.

27. "Blueprint Page" – Advertorial 5

This magazine advertorial delivered on a theme of saving energy, money and the environment by giving information on compact fluorescent lights. It ran in a magazine aimed at homeowners.

28. "Blueprint Page" – Advertorial 6

This magazine advertorial delivered on a theme of saving energy, money and the environment by giving information on compact fluorescent lights. It ran in a magazine aimed at homeowners.

29. "Live Energy Lite - 1"

This community newspaper ad was designed to promote the company's "Live Energy Lite" event

SPOT/ PRODUCT	MEDIUM	DATES
Live Energy Lite	Military Papers (Army Weekly, Navy News, Air Force Kukini)	10/03/08
Live Energy Lite	Midweek (West Zone)	10/08/2008
Live Energy Lite	Hawaii Marine	10/03/2008
Live Energy Lite	Ka Nupepa	10/08/2008
Live Energy Lite	Leeward Current	10/08/2008
Live Energy Lite	Westside Stories	October 2008
Live Energy Lite	Hawaii Marine	09/21/07
Live Energy Lite	Military Papers (Army Weekly, Navy News, Air Force Kukini)	09/21/07
Live Energy Lite	Midweek (West Zone)	09/26/07
Live Energy Lite	Ka Nupepa	09/26/07
Live Energy Lite	Leeward Current	09/26/07
Live Energy Lite	Westside Stories	September 2007

D. Other Media

In addition to the television, radio and print media which were utilized, additional media types were incorporated to expand market reach. Copy will be provided in a separate correspondence.

Theater Screens/Ad Walls/Floor Ad – Ads were produced with one key piece of information on how to save energy and money.

Bill Inserts – Six bill inserts (inserted into residential customer bills) were produced on various themes that provided detail information on saving energy, money and the environment.

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Direct Mail – 36 mail pieces were produced and mailed to Oahu residential customers to promote the enrollment of customers into Hawaiian Electric's Residential Load Control Program.

Magazines – Two "Green" magazines, each consisting of 32 pages were produced as Energy Saving Guides for homeowners done in partnership with Hawaii Home + Remodeling.

5. Develop Point-of-Sale Displays

Point-of-Sale displays (signage, shelf talkers, takeaways, channel runners) were produced for Solar, ENERGY STAR, and CFLs.

6. Begin Media Campaign

The media campaign was designed around two considerations. The campaign was targeted to potentially reach 99% of Hawaiian Electric residential market with more than 150 exposures to the campaign messages through television, radio, and print. The campaign media schedules have met the 99% market reach and exceeded the 150 exposures to the campaign messages.

A. Television

Television provided the highest level of exposure. The goal was to reach 99% of Hawaiian Electric residential customers (Reach) an average of 12 times (Frequency) over the course of three weeks averaging 396 Gross Rating Points (GRP) per week at a Cost Per Point (CPP) of \$65. The estimated CPP was derived by taking the average of the 2001 TV Media CPP (\$62.06) and the 2002 TV Media CPP (\$67.19). [Note: Gross Rating Points are determined for individual television programs based on Nielson research. The required GRP is calculated as Reach x Frequency. Based on a reach of 99% and a frequency of 12 times, the result is 1,188 GRP. To derive the weekly GRP, the total 1,188 GRP are divided by the number of weeks in the period. For a three consecutive week period, the resulting weekly GRP is 396.]

During the course of this campaign, the television schedules achieved the above stated goals. Over the course of three weeks, the schedules reached 99% of the Hawaiian Electric residential customers an average of 12.8 times, averaging 422.4 GRPs per week. The only goal not met is the CPP goal of \$65.

Since the 2004 filing the market has changed dramatically. All the network affiliates (KGMB, KHNL, KHON & KITV) have gone to "clock time." In the past, the networks (CBS, NBC, FOX & ABC) have allowed the local affiliated stations in Hawaii to pad their commercial breaks, so by the end of the evening the 10pm news never aired at 10pm. More often than not, the 10pm news began at 10:10pm or later. This allowed the local TV stations more advertising time to sell and kept the rates charged to their advertisers unusually low. By the end of 2005 all the local stations were running the network primetime (7p-10p) programming, as received...no padded

Residential Customer Energy Awareness Program Delivery
Program Delivery

breaks. Thus by 2006, the 10pm news ran at 10pm. The ramification was increased advertising costs.

By 2007, the cost of advertising in most primetime programming increased by at least a third, with the most popular programs increasing three fold. The rationale behind the increases from the stations is lack of inventory. Note, in the 2004 filing the CPP was based on 2001/2002 averages. The following table shows the dramatic increase seen in the costs.

Cost Per Point Comparison

Year	Prime	Prime Access	Early News	Late News
2001 / 2002	\$ 82.59	\$38.38	\$ 52.90	\$ 76.72
2007 / 2008	\$188.54	\$99.40	\$106.13	\$132.55

The television schedule is shown below. It covers the RCEA campaign period from February 13, 2007 through December 2008.

Television Schedule

SPOT/PRODUCT	MEDIUM	DATES	# OF AIRINGS	GRPs
"Change"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, Oceanic	5/13/07 - 7/15/07	1,109	2,169.7
"Advantages"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, Oceanic	7/16/07 - 8/19/07	669	1,349.0
"Change"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, Oceanic	8/20/07 - 9/9/07	359	543.8
"Change"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, Oceanic	9/10/07 - 10/7/07	190	348.9
"Quality"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, Oceanic	9/10/07 - 10/7/07	189	347.1
"Advantages"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, Oceanic	9/10/07 - 10/7/07	189	347.1
"Change"	KGMB, KHNL, KHON, KITV, KFVE, Oceanic	9/24/07 - 10/28/07	177	394.8
"Quality"	KGMB, KHNL, KHON, KITV, KFVE, Oceanic	9/24/07 - 10/28/07	177	394.8
"Advantages"	KGMB, KHNL, KHON, KITV, KFVE, Oceanic	9/24/07 - 10/28/07	177	394.8
"Change"	KHON "World Series"	10/22/07 - 10/28/07	1	N/A
"Quality"	KHON "World Series"	10/22/07 - 10/28/07	2	N/A
"Advantages"	KHON "World Series"	10/22/07 - 10/28/07	1	N/A
"Change"	KGMB, KHNL, KHON, KITV, KFVE, Oceanic	10/29/07 - 12/9/07	234	431.6
"Quality"	KGMB, KHNL, KHON, KITV, KFVE, Oceanic	10/29/07 - 12/9/07	234	431.6
"Advantages"	KGMB, KHNL, KHON, KITV, KFVE, Oceanic	10/29/07 - 12/9/07	234	431.6

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SPOT/PRODUCT	MEDIUM	DATES	# OF AIRINGS	GRPs
"Change"	KHON Lokahi	12/17/07 - 2/3/08	4	8.2
"Quality"	KHON Lokahi	12/17/07 - 2/3/08	5	10.3
"Advantages"	KHON Lokahi	12/17/07 - 2/3/08	5	10.3
"Change"	KFVE: Bowl Bound	12/31/07 - 1/6/08	2	N/A
"Quality"	KFVE: Bowl Bound	12/31/07 - 1/6/08	2	N/A
"Advantages"	KFVE: Bowl Bound	12/31/07 - 1/6/08	1	N/A
"Change"	KFVE: Wahine Volleyball Post-Season	11/13/07 - 11/17/07	2	N/A
"Quality"	KFVE: Wahine Volleyball Post-Season	11/13/07 - 11/17/07	1	N/A
"Advantages"	KFVE: Wahine Volleyball Post-Season	11/13/07 - 11/17/07	2	N/A
"Change"	KFVE: Rainbow Classic	12/10/07 - 12/30/07	4	N/A
"Quality"	KFVE: Rainbow Classic	12/10/07 - 12/30/07	4	N/A
"Advantages"	KFVE: Rainbow Classic	12/10/07 - 12/30/07	4	N/A
"Change"	Island Weather Now (Digital 126)	5/1/07 - 7/15/07	1,911	N/A
"Advantages"	Island Weather Now (Digital 126)	7/16/07 - 8/19/07	834	N/A
"Change"	Island Weather Now (Digital 126)	8/19/07 - 9/9/07	504	N/A
Equal rotation:	Island Weather Now (Digital 126)	9/9/07 - 12/31/07	N/A	N/A
"Change"	Island Weather Now (Digital 126)	9/9/07 - 12/31/07	876	N/A
"Quality"	Island Weather Now (Digital 126)	9/9/07 - 12/31/07	876	N/A
"Advantages"	Island Weather Now (Digital 126)	9/9/07 - 12/31/07	876	N/A
Equal rotation:	Emme's Island Moments		N/A	N/A
"Change"	Emme's Island Moments	June, September, December 2007	2	N/A
"Quality"	Emme's Island Moments	June, September, December 2007	2	N/A
"Advantages"	Emme's Island Moments	June, September, December 2007	2	N/A
"Change"	Hawaii Stars "Ki of Life"	5/17, 5/24 & 7/5	3	N/A
"Working Together"	PBS Underwriting	3/2/07 - 12/31/07	133	N/A
"Change"	KGMB, KHNL, KHON, KITV, Oceanic	1/14/08 - 3/2/08	143	359.1
"Quality"	KGMB, KHNL, KHON, KITV, Oceanic	1/14/08 - 3/2/08	143	359.1
"Advantages"	KGMB, KHNL, KHON, KITV, Oceanic	1/14/08 - 3/2/08	143	359.1
"Advantages" - 30%	KGMB, KHNL, KHON	5/12/08 - 6/15/08	132	194.9
"Change" - 40%	KITV, KFVE, KIKU		177	259.8
"Quality" - 30%	Oceanic		132	194.9
Solar	KGMB, KHNL, KHON	6/28/08 - 7/10/08	187	331.7
"Advantages"	KITV, KFVE, KIKU, KBFD, Oceanic		N/A	N/A
"Change"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, KBFD, Oceanic	7/11/08 - 8/10/08	140	249.9

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SPOT/PRODUCT	MEDIUM	DATES	# OF AIRINGS	GRPs
"Quality"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, KBFD, Oceanic	7/11/08 - 8/10/08	139	248.1
"Advantages"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, KBFD, Oceanic	7/11/08 - 8/10/08	139	248.1
"Change"	KGMB, KHNL, KHON, KITV, KIKU, Oceanic	8/25/08 - 9/28/08	98	177.6
"Quality"	KGMB, KHNL, KHON, KITV, KIKU, Oceanic	8/25/08 - 9/28/08	98	177.6
"Advantages"	KGMB, KHNL, KHON, KITV, KIKU, Oceanic	8/25/08 - 9/28/08	97	175.8
"Change"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, Oceanic	11/3/08 - 12/7/08	N/A	N/A
"Quality"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, Oceanic	11/3/08 - 12/7/08	N/A	N/A
"Advantages"	KGMB, KHNL, KHON, KITV, KFVE, KIKU, Oceanic	11/3/08 - 12/7/08	N/A	N/A
"Change"	KHON: Be Green 2	4/21/08 - 5/11/08	26	63.7
"Quality"	KHON: Be Green 2	4/21/08 - 5/11/08	26	63.7
"Advantages"	KHON: Be Green 2	4/21/08 - 5/11/08	26	63.7
"Advantages"				N/A
30%	KHON: Be Green 2	5/12/08 - 6/28/08	13	
"Change" - 40%	KHON: Be Green 2	5/12/08 - 6/28/08	18	N/A
"Quality" - 30%	KHON: Be Green 2	5/12/08 - 6/28/08	13	N/A
"Advantages"	KHON: Be Green 2	6/28/08 - 7/10/08	44	N/A
"Change"	KHON: Be Green 2	7/11/08 - 12/28/08	73	N/A
"Quality"	KHON: Be Green 2	7/11/08 - 12/28/08	73	N/A
"Advantages"	KHON: Be Green 2	7/11/08 - 12/28/08	74	N/A
"Advantages"				
30%	KITV: Hawaii Going Green	5/19/08 - 6/29/08	12	20.0
"Change" - 40%	KITV: Hawaii Going Green	5/19/08 - 6/29/08	15	26.6
"Quality" - 30%	KITV: Hawaii Going Green	5/19/08 - 6/29/08	12	20.0
"Change"	KITV: Hawaii Going Green	11/3/08 - 12/14/08	N/A	N/A
"Quality"	KITV: Hawaii Going Green	11/3/08 - 12/14/08	N/A	N/A
"Advantages"	KITV: Hawaii Going Green	11/3/08 - 12/14/08	N/A	N/A
"Change"	KHON: American Idol	1/15/08 - 5/11/08	7	212.6
"Quality"	KHON: American Idol	1/15/08 - 5/11/08	8	242.9
"Advantages"	KHON: American Idol	1/15/08 - 5/11/08	8	242.9
"Advantages"				
30%	KHON: American Idol	5/12/08 - 5/21/08	1	19.6
"Change" - 40%	KHON: American Idol	5/12/08 - 5/21/08	2	39.2
"Quality" - 30%	KHON: American Idol	5/12/08 - 5/21/08	1	19.6
"Change"	KITV: Dancing with the Stars	3/17/08 - 5/11/08	5	47.5
"Quality"	KITV: Dancing with the Stars	3/17/08 - 5/11/08	5	47.5
"Advantages"	KITV: Dancing with the Stars	3/17/08 - 5/11/08	6	57.0
"Advantages"				
30%	KITV: Dancing with the Stars	5/12/08 - 5/20/08	1	9.5
SPOT/PRODUCT	MEDIUM	DATES	# OF	GRPs

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			AIRINGS	
"Change" - 40%	KITV: Dancing with the Stars	5/12/08 - 5/20/08	2	19.0
"Quality" - 30%	KITV: Dancing with the Stars	5/12/08 - 5/20/08	1	9.5
"Change"	Emme's Island Moments	March, August, October, December 2008	6	N/A
"Quality"	Emme's Island Moments	March, August, October, December 2008	6	N/A
"Advantages"	Emme's Island Moments	March, August, October, December 2008	4	N/A
"Change"	KHON: Democratic Campaign Trail	2/14/08 - 2/18/08	4	N/A
"Quality"	KHON: Democratic Campaign Trail	2/14/08 - 2/18/08	3	N/A
"Advantages"	KHON: Democratic Campaign Trail	2/14/08 - 2/18/08	3	N/A
"Change"	Oceanic: National Geographic Special	2/10/08 - 2/21/08	2	N/A
"Quality"	Oceanic: National Geographic Special	2/10/08 - 2/21/08	2	N/A
"Advantages"	Oceanic: National Geographic Special	2/10/08 - 2/21/08	2	N/A
"Change"	Oceanic: National Geographic Special	4/13/08 - 4/27/08	4	N/A
"Quality"	Oceanic: National Geographic Special	4/13/08 - 4/27/08	4	N/A
"Advantages"	Oceanic: National Geographic Special	4/13/08 - 4/27/08	4	N/A
"Change"	Oceanic: National Geographic Special	4/21/08 - 5/4/08	3	N/A
"Quality"	Oceanic: National Geographic Special	4/21/08 - 5/4/08	3	N/A
"Advantages"	Oceanic: National Geographic Special	4/21/08 - 5/4/08	2	N/A
"Change"	KHNL: Olympic News Update Sponsorship	8/8/08 - 8/24/08	14	107.1
"Quality"	KHNL: Olympic News Update Sponsorship	8/8/08 - 8/24/08	15	114.8
"Advantages"	KHNL: Olympic News Update Sponsorship	8/8/08 - 8/24/08	14	107.1

B. Radio

In 2004 when the radio proposal for the media plan was developed, radio was used for market reach. Since then the radio medium has become fragmented with more stations formatting to smaller audiences. Unfortunately, the change has made the market reach through radio (against a broad target market, like the Hawaiian Electric residential customer) cost prohibitive. Reassessing the medium, radio was selected for frequency.

Adding to the "cost" factor are the rising rates to run on radio. Since 2002, the CPP on radio has nearly doubled from the estimated \$20 CPP noted in the 2004 filing to an average of \$39.

Hence the goal of reaching 75% of Hawaiian Electric residential customers an average of 10 times over the course of three weeks, utilizing 250 GRPs per week at a cost per point (CPP) of \$20 was reviewed. [Note: Gross Rating Points for radio are determined for individual radio stations based on Arbitron research. The required GRP is calculated as Reach x Frequency. Based on a Reach of 75% and a Frequency of 10 times, the result is 750 GRP. To derive the

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weekly GRP, the 750 GRP is then divided by the number of weeks in the period. For a three consecutive week period, the weekly GRP is 250 GRP.]

The radio campaign was revised to run a solid 48 weeks, however using 250 GRPs per week as originally planned would have not been cost efficient. Therefore, the GRPs were reduced to an averaged 155 GRPs per week. This allowed for the weekly budget to remain close to the original plan. Based on the revised GRP level, the three week radio schedule was estimated to reach 68.8% of Hawaiian Electric residential customers an average of 12 times.

The radio schedule is shown below. It covers the RCEA campaign period from February 13, 2007 through December 2008.

Radio Schedule

SPOT/PRODUCT	MEDIUM	DATES	# OF AIRINGS	GRPs
"Watt vs Watt" (:60 & :10 or :05)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM	02/12/07 - 02/25/07	227	204.8
"Singing" (:60 Live Read)	KSSK-AF	02/26/07 - 03/11/07	6	28.8
"Lifespan" (:60 & :10 or :05)	KSSK-AF, KRTR-AF, KCCN-FM, KGMZ-FM	02/26/07 - 03/11/07	222	254.0
"Roof" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM	3/12/07 - 4/1/07	407	305.1
"Reflector" (:60 & :10 or :05)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM	04/02/07 - 04/22/07	316	344.6
"Singing" (:60 Live Read)	KSSK-AF	04/09/07 - 04/15/07	3	14.1
"Singing" (:60 Live Read)	KSSK-AF	04/16/07 - 05/06/07	9	42.3
"Tax Credit" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM	04/23/07 - 05/06/07	271	279.2
"Watt vs Watt" (:60 & :10)	KRTR-AF, KCCN-FM	05/07/07 - 05/13/07	75	61.9
"Singing" (:60 Live Read)	KSSK-AF	05/14/07 - 05/27/07	6	28.2
"Roof" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM	05/14/07 - 06/10/07	204	355.0
"Switch" (:60 Live Read)	KSSK-AF (Supplemental live)	05/14/07 - 07/15/07	27	129.6
"I Will" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ-FM, KUCC-FM, KDNN-FM	05/14/07 - 07/15/07	2,367	1,904.1
SPOT/PRODUCT	MEDIUM		# OF	GRPs

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		<u>DATES</u>	<u>AIRINGS</u>	
"Re-Bait" (:60 Live Read)	KSSK-AF	06/18/07 - 07/15/07	12	56.4
"Tax Credit" w/ Hiroshima (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM	06/18/07 - 07/15/07	454	465.6
"Watt vs Watt" w/ Hiroshima (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM	07/16/07 - 08/05/07	302	276.3
"Renewable" (:60 Live Read)	KSSK-AF (Supplemental live)	07/16/07 - 08/19/07	22	105.6
"Kahuna" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ- FM, KUCD-FM, KDNN-FM	07/16/07 - 08/19/07	1,025	882.8
"Singing" (:60 Live Read)	KSSK-AF	07/30/07 - 08/12/07	6	28.2
"Lifespan" w/ Hiroshima (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM	08/06/07 - 08/19/07	240	253.7
"Singing" (:60 Live Read)	KSSK-AF	08/27/07 - 09/16/07	9	42.3
"Tax Credit" w/ Hiroshima (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM	08/20/07 - 09/30/07	550	609.3
"Switch" (:60 Live Read)	KSSK-AF (Supplemental live)	08/20/07 - 9/30/07	18	86.4
"I Will" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ- FM, KUCD-FM, KDNN-FM	08/20/07 - 9/30/07	1,380	1,140.5
"Re-Bait" (:60 Live Read)	KSSK-AF	10/01/07 - 10/14/07	6	28.2
"Switch" (:60 Live Read)	KSSK-AF (Supplemental live)	10/01/07 - 10/14/07	4	19.2
"Kahuna" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ- FM, KUCD-FM, KDNN-FM	10/01/07 - 10/14/07	610	550.0
"Switch" (:60 Live Read)	KSSK-AF (Supplemental live)	10/15/07 - 10/28/07	10	48.0
"I Will" (:60)	KRTR-AF, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ-FM, KUCD-FM, KDNN-FM	10/15/07 - 10/28/07	462	349.2
"Lifespan" w/ Hiroshima (:60)	KSSK-AF, KINE-FM/KKNE-AM	10/15/07 - 10/28/07	176	212.0
"Renewable" (:60 Live Read)	KSSK-AF (Supplemental live)	10/29/07 - 12/16/07	23	110.4
"Kahuna" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ- FM, KUCD-FM, KDNN-FM	10/29/07 - 12/02/07	1,203	1,047.2
"Re-Bait" (:60 Live Read)	KSSK-AF	11/05/07 - 12/02/07	12	56.4

<u>SPOT/PRODUCT</u>	<u>MEDIUM</u>		<u># OF</u>	<u>GRPs</u>
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		<u>DATES</u>	<u>AIRINGS</u>	
"Tax Credit" (:60)	KSSK-AF, KRTR-AF, KCCN-FM, KGMZ-FM	11/05/07 - 11/18/07	208	234.2
"CFL - Reflector" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM	11/19/07 - 12/16/07	326	340.6
RCEA Underwriting Credit	KHPR-FM	05/14/07 - 12/02/07	561	
"Ice Cream Cone" (:60 Live Read)	KSSK-AF	1/7/08 - 1/27/08	9	45.9
"Dimmables" (:60)	KSSK-AF, KRTR-AF, KCCN-FM, KGMZ-FM, KINE-FM/KKNE-AM	1/7/08 - 1/27/08	527	432
"Twinkle" (:60 Live read)	KSSK-AF	1/28/08 - 2/10/08	6	30.6
"Star Gazing" (:60)	KSSK-AF, KCCN-FM, KGMZ-FM	1/28/08 - 2/10/08	194	211.4
"Ice Cream Cone" (:60 Live Read)	KSSK-AF	2/11/08 - 2/24/08	6	30.6
"Dimmables-2" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM	2/11/08 - 2/24/08	346	262.2
"Twinkle" (:60 Live read)	KSSK-AF	2/25/08 - 3/9/08	10	51
"Star Gazing" (:60)	KSSK-AF, KCCN-FM, KGMZ-FM	2/25/08 - 3/9/08	194	211.4
"Ice Cream Cone" (:60 Live Read)	KSSK-AF	3/10/08 - 3/23/08	10	51
"Dimmables-2" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KUMU-FM, KQMQ-FM	3/10/08 - 3/23/08	454	340.6
"Twinkle" (:60 Live read)	KSSK-AF	3/24/08 - 4/6/08	10	51
"Star Gazing" (:60)	KSSK-AF, KCCN-FM, KGMZ-FM, KUCD-FM, KDNN-FM	3/24/08 - 4/6/08	423	351
"Ice Cream Cone" (:60 Live read)	KSSK-AF	4/7/08 - 4/20/08	10	51
"Dimmables-2" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KGMZ-FM, KUCD-FM	4/7/08 - 4/20/08	451	312.8
"Twinkle" (:60 Live read)	KSSK-AF	4/21/08 - 5/4/08	10	51
"Star Gazing" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ-FM, KUCD-FM, KDNN-FM	4/21/08 - 5/4/08	472	412.2
"Ice Cream Cone" (:60 Live read)	KSSK-AF	5/5/08 - 5/18/08	10	51
"Dimmables-2" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ-FM, KUCD-FM, KDNN-FM	5/5/08 - 5/18/08	525	382.3
"Twinkle" (:60 Live read)	KSSK-AF	5/19/08 - 6/1/08	10	51
"Star Gazing" (:60)	KSSK-AF, KRTR-AF, KCCN-FM, KGMZ-FM, KDNN-FM, KPOI-FM	5/19/08 - 6/1/08	325	285.4

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SPOT/PRODUCT	MEDIUM	DATES	# OF AIRINGS	GRPs
"Ice Cream Cone" (:60 Live read)	KSSK-AF	6/2/08 - 6/15/08	10	51
"At Home" & "Simple Tips" (:60)	KSSK-AF, KRTR-AF, KQMQ-FM, KUCD-FM	6/2/08 - 6/15/08	281	236.5
"Simple Tips" (:60)	KINE-FM/KKNE-AM	6/2/08 - 6/15/08	52	26
"Dimmables-2" (:60)	KUMU-FM	6/9/08 - 6/15/08	27	11.5
"Dimmables-2" (:60)	KDNN-FM	6/2/08 - 6/15/08	66	51.4
"Twinkle" (:60 Live read)	KSSK-AF	6/16/08 - 6/29/08	10	51
"At Home" & "Simple Tips" (:60)	KSSK-AF, KQMQ-FM, KUCD-FM	6/16/08 - 6/22/08	103	90.5
"At Home" & "Star Gazing" (:60)	KSSK-AF	6/23/08 - 6/29/08	28	44
"Star Gazing" (:60)	KINE-FM/KKNE-AM, KPOI-FM, KUMU-AF, KGMZ-FM, KCCN-FM, KUCD-FM	6/16/08 - 6/29/08	351	215.7
"Ice Cream Cone" (:60 Live read)	KSSK-AF	6/30/08 - 7/13/08	10	49
"Dimmables-2" (:60)	KSSK-AF, KRTR-AF, KCCN-FM, KGMZ-FM, KDNN-FM, KPOI-FM	6/30/08 - 7/13/08	325	296.5
"Twinkle" (:60 Live read)	KSSK-AF	7/14/08 - 7/27/08	10	49
"Star Gazing" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KUMU-AF, KQMQ-FM, KUCD-FM, KDNN-FM	7/14/08 - 7/27/08	360	282.3
"Ice Cream Cone" (:60 Live read)	KSSK-AF	7/28/08 - 8/10/08	10	49
"Dimmables-2" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ-FM, KUCD-FM, KPOI-FM	7/28/08 - 8/10/08	545	386
"Twinkle" (:60 Live read)	KSSK-AF	8/11/08 - 8/24/08	10	49
"Star Gazing" (:60)	KSSK-AF, KRTR-AF, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ-FM, KDNN-FM, KPOI-FM	8/11/08 - 8/24/08	508	429.2
"Re-Bait" (:60 Live read)	KSSK-AF	8/25/08 - 9/7/08	10	49
"Tax Credit" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KUMU-AF, KQMQ-FM, KUCD-FM, KDNN-FM, KGMZ-FM	8/25/08 - 9/7/08	474	391.6
"Ice Cream Cone" (:60 Live read)	KSSK-AF	9/8/08 - 9/21/08	10	49
"Dimmables-2" (:60)	KSSK-AF, KRTR-AF, KCCN-FM, KGMZ-FM, KINE-FM/KKNE-AM, KUMU-AF, KQMQ-FM, KUCD-FM, KDNN-FM, KPOI-FM	9/8/08 - 9/21/08	641	496.5

Residential Customer Energy Awareness Program Delivery
Program Delivery

SPOT/PRODUCT	MEDIUM	DATES	# OF AIRINGS	GRPs
"Re-Bait" (:60 Live read)	KSSK-AF	9/22/08 - 10/5/08	10	49
"Tax Credit" (:60)	KSSK-AF, KRTR-AF, KCCN-FM, KGMZ-FM, KUMU-AF, KQMQ-FM, KDNN-FM, KPOI-FM	9/22/08 - 10/5/08	508	430.7
"Twinkle" (:60 Live read)	KSSK-AF	10/6/08 - 10/19/08	10	49
"Star Gazing" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KUMU-AF, KQMQ-FM, KUCD-FM, KDNN-FM, KGMZ-FM	10/6/08 - 10/19/08	474	399.5
"Ice Cream Cone" (:60 Live read)	KSSK-AF	10/20/08 - 11/2/08	10	49
"Dimmables-2" (:60)	KSSK-AF, KRTR-AF, KCCN-FM, KGMZ-FM, KINE-FM/KKNE-AM, KUMU-AF, KQMQ-FM, KUCD-FM, KDNN-FM, KPOI-FM	10/20/08 - 11/2/08	641	501.2
"Re-Bait" (:60 Live read)	KSSK-AF	11/3/08 - 11/16/08	10	49
"Tax Credit" (:60)	KSSK-AF, KRTR-AF, KCCN-FM, KGMZ-FM, KDNN-FM, KPOI-FM	11/3/08 - 11/16/08	400	339
"Twinkle" (:60 Live read)	KSSK-AF	11/17/08 - 11/30/08	10	49
"Star Gazing" (:60)	KSSK-AF, KRTR-AF, KINE-FM/KKNE-AM, KINE-FM, KKNE-AM, KUMU-AF, KQMQ-FM, KUCD-FM, KDNN-FM	11/17/08 - 11/30/08	360	290.9
"Ice Cream Cone" (:60 Live read)	KSSK-AF	12/1/08 - 12/7/08	5	24.5
"Dimmables-2" (:60)	KSSK-AF, KUCD-FM, KINE-FM/KKNE-AM, KUMU-AF, KQMQ-FM	12/1/08 - 12/14/08	336	246.9
RCEA Underwriting Credit	KHPR-FM	3/1/08 - 12/31/08	884	N/A

C. Print

Newspaper circulation has been on the decline for a number of years. Since 2004, both the Honolulu Advertiser's and the Honolulu Star Bulletin's circulations have decreased by about 6% each. The current market reach of the Honolulu Advertiser dipped from 63% of the market (Source: 2002 SMS Hawaii Market Study) to 59% (Source: Scarborough 2007, Release 2).

Despite their decreased circulation, newspapers are still an effective advertising medium. A recent study from Northwestern University's Readership Institute found newspaper readers are still engaged in the medium; they read the newspaper on average more than five days a week. They read 60% of the weekday paper and 62% of the Sunday paper. Readers spend an average of about 27 minutes on weekday papers and 57 minutes on the Sunday paper.

Residential Customer Energy Awareness Program Delivery
Program Delivery

With the larger circulation (almost twice that of the Star Bulletin), the Honolulu Advertiser was selected to be the print medium of choice. In 2004 it was recommended to "start with a full page 4-color ad in the Honolulu Advertiser" as the "size allows for the ad to be eye catching and the ad would not be competing with editorial on the same page."

Since then, the medium has changed considerably. In June 2004 the Honolulu Advertiser launched their state-of-the-art printing plant with a custom built press. With the installation of the new press the Honolulu Advertiser no longer charged an additional cost for color. This opened up the rainbow to all, including the small sized ads. This now created a visual "clutter" problem, where a full page 4-color ad no longer stood out.

To address this, the print advertising strategy was revised and space was bought as four 7.63" x 5" squares positioned on the outer corners of an opened newspaper. These ads were simple text on bright color backgrounds with no other ads on the two pages. Even with the annual 3-5% rate increase¹ plus the premium for the "exclusivity" on the page, the cost per ad was about \$3,000 less than the estimated cost of a full page, 4-color ad originally used in program planning.

The print campaign was subsequently followed by a series of two 7.63" x 5" squares positioned on the outer corners of a right hand page.

In conjunction, weekly ads ran in the Honolulu Advertiser during the campaign. The ads were smaller sized "solar" ads. The series of two ads, promoting the benefits of a solar water heating system and listing approved contractors, rotated every two weeks in the Friday and Sunday editions.

In 2008, the concentration for print shifted from the Honolulu Advertiser to the broader reach medium of the Wednesday Midweek. The publication mails more than 270,000 copies reaching most of the households on Oahu.

The change in the primary print medium resulted in a shift of the type of ad from the modular mix-and-match squares to a free standing insert (FSI). The Wednesday Midweek, although not read cover-to-cover, is utilized as the main distributor of the grocery store food sections inserted into the center of the publication. The FSI utilizes this "strength" by putting the message where it will be seen.

In addition, during the campaign an effort was made to support some of the "green" sections of various local publications. This included the annual Honolulu Star Bulletin "Earth Day" section, the Honolulu Advertiser's "Living Green" Tab, Hawaii Home and Remodeling "Green Hawaii Magazine," Honolulu Weekly's "Sustainability Guide" and BIA Progress' "Green Issue."

The print schedule is shown below. It covers the RCEA campaign period from February 13, 2007 through December 2008.

¹ The 3-5% annual increase accounts for continual rise in the cost of paper stock and shipping

Residential Customer Energy Awareness Program Delivery
Program Delivery

Print Schedule

<u>SPOT/PRODUCT</u>	<u>MEDIUM</u>	<u>DATES</u>
Benefits of HECO Approved Solar	Honolulu Advertiser	02/18/2007
Contractors List	Honolulu Advertiser	02/23/07, 02/25/07
Benefits of HECO Approved Solar - \$1,000 Rebate	Honolulu Advertiser	03/02/07, 03/07/07, 03/16/07, 03/18/07
Contractors List	Honolulu Advertiser	03/09/07, 03/11/07, 03/23/07, 03/25/07
Benefits of HECO Approved Solar - \$1,000 Rebate	Honolulu Advertiser	03/30/07, 04/01/07, 04/13/07, 4/15/07
Contractors List	Honolulu Advertiser	04/06/07, 04/08/07, 04/20/07, 04/22/07
Be Energy Wise	Honolulu Weekly Sustainability Guide	04/18/2007
Be Energy Wise	Midweek Earth Day Supplement	04/20/2007
Benefits of HECO Approved Solar - \$1,000 Rebate	Honolulu Advertiser	05/04/07, 05/06/07, 05/18/07, 05/20/07
Contractors List	Honolulu Advertiser	05/11/07, 05/13/07, 05/25/07, 05/27/07
\$14 Savings	Honolulu Advertiser	05/13/07
\$300 Savings	Honolulu Advertiser	05/20/07
\$1,\$2,\$3 Discount coupons	Honolulu Advertiser	05/25/07
75% less electricity	Honolulu Advertiser	05/30/07
Benefits of HECO Approved Solar - \$1,000 Rebate	Honolulu Advertiser	06/01/07, 06/03/07, 06/15/17, 06/17/07
Contractors List	Honolulu Advertiser	06/08/07, 06/10/07, 06/22/07, 06/24/07
\$1,\$2,\$3 Discount Coupons \$14 Savings	Honolulu Advertiser	06/10/07
\$1,\$2,\$3 Discount Coupons \$300 Savings	Honolulu Advertiser	06/14/07
\$1,\$2,\$3 Discount Coupons 75% less electricity	Honolulu Advertiser	06/22/07
\$1,\$2,\$3 Discount Coupons \$300 Savings	Honolulu Advertiser	07/01/07
\$1,000 Rebate \$480 Savings	Honolulu Advertiser	07/22/07, 07/27/07
Benefits of HECO Approved Solar - \$1,000 Rebate	Honolulu Advertiser	07/06/07, 07/08/07
Contractors List	Honolulu Advertiser	07/13/07, 07/15/07, 07/20/07, 07/22/07, 07/27/07, 07/29/07
\$1,000 Rebate, \$480 Savings, Free 100 Point Inspection, Tax Credits	Honolulu Advertiser	07/15/07 & 07/19/07
Be Energy Wise	North Shore News, Home Improvement	8/1/2007
\$1,000 Rebate, \$480 Savings	Honolulu Advertiser	08/02/07, 08/10/07, 08/15/07
\$14 Savings, \$1,\$2, \$3 Discount Coupons	Honolulu Advertiser	08/19/07, 08/26/07

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Residential Customer Energy Awareness Program Delivery
Program Delivery

<u>SPOT/PRODUCT</u>	<u>MEDIUM</u>	<u>DATES</u>
75% less electricity, \$1, \$2, \$3 Discount Coupons	Honolulu Advertiser	08/31/07 08/03/07, 08/05/07, 08/10/07, 08/12/07, 08/17/07, 08/19/07, 08/24/07, 08/26/07
Contractors List	Honolulu Advertiser	
Be Energy Wise	Honolulu Weekly, Best of Honolulu	08/15/2007
\$14 Savings, \$1, \$2, \$3 Discount Coupons	Honolulu Advertiser	09/05/07, 09/13/07, 09/16/2007
\$1, \$2, \$3 Discount Coupons, 75% less electricity	Honolulu Advertiser	09/21/07, 09/25/07, 09/30/07
Contractors List	Honolulu Advertiser	09/07/07, 09/09/07, 09/21/07, 09/23/07
Benefits of HECO Approved Solar - \$1,000 Rebate	Honolulu Advertiser	09/14/07, 09/16/07, 09/28/07, 09/30/07
\$480 Savings, Tax Credits	Honolulu Advertiser	10/03/07, 10/12/07
\$1,000 Rebate, Free 100 Point Inspection	Honolulu Advertiser	10/07/07
\$14 Savings, \$1, \$2, \$3 Discount Coupons	Honolulu Advertiser	10/17/07, 10/23/07, 10/26/07
Contractors List	Honolulu Advertiser	10/05/07, 10/07/07, 10/19/07, 10/21/07
Benefits of HECO Approved Solar - \$1,000 Rebate	Honolulu Advertiser	10/12/07, 10/14/07, 10/26/07, 10/28/07
\$480 Savings, Tax Credits	Honolulu Advertiser	11/01/07, 11/11/07
Free 100 Point Inspection, \$1,000 rebate	Honolulu Advertiser	11/07/07
\$1, \$2, \$3 Discount Coupons, \$14 Savings	Honolulu Advertiser	11/15/07, 11/18/07, 11/20/07, 11/25/07
Contractors List	Honolulu Advertiser	11/02/07, 11/04/07, 11/16/07, 11/18/07
Benefits of HECO Approved Solar - \$1,000 Rebate	Honolulu Advertiser	11/09/07, 11/11/07, 11/23/07, 11/25/07
Contractors List	Honolulu Star Bulletin	11/11/07, 11/15/07, 11/20/07
Benefits of HECO Approved Solar I	Midweek	11/14/07, 11/21/07, 11/28/07
Be Energy Wise	Honolulu Weekly	11/14/07, 11/21/07, 11/28/07
Contractors List	Honolulu Star Bulletin	12/02/07, 12/06/07, 12/14/07, 12/18/07, 12/27/07
\$14 Savings, \$1, \$2, \$3 Discount Coupons	Honolulu Advertiser	12/02/07, 12/06/07, 12/11/07
Tax Credits, \$480 Savings	Honolulu Advertiser	12/16/07

Residential Customer Energy Awareness Program Delivery
Program Delivery

SPOT/PRODUCT	MEDIUM	DATES
\$1,000 Rebate, Free 100 Point Inspection	Honolulu Advertiser	12/21/07
Benefits of HECO Approved Solar I	Midweek	12/05/07, 12/12/07, 12/19/07, 12/26/07
Be Energy Wise	Honolulu Weekly	12/05/07, 12/12/07, 12/19/07, 12/26/07
Contractors List	Honolulu Advertiser	12/07/07, 12/9/07, 12/21/07, 12/23/07, 12/28/07, 12/30/07
Benefits of HECO Approved Solar - \$1,000 Rebate	Honolulu Advertiser	12/14/07, 12/16/07
Blueprint Page	Hawaii Home & Remodeling	June 2007
(Advertorial #1)	Hawaii Home & Remodeling	September 2007
(Advertorial #2)	Hawaii Home & Remodeling	November 2007
(Advertorial #3)	Hawaii Home & Remodeling	December 2007
New Home Checklist	Honolulu Advertiser: Parade of Homes	09/30/07
Award Winners	Honolulu Advertiser: Parade of Homes	10/07/07, 10/12/07
Award Winners	Honolulu Star Bulletin	10/07/07
500MW Chart	Green Hawaii Magazine (HHR Product)	April 2007
Green Homes Rebate Program	BIA - Progress	August 2007
Contractors List	Honolulu Advertiser	01/25/08, 01/27/08
Benefits of HECO Approved Solar - New Logo	Honolulu Advertiser	02/01/08, 02/03/08, 02/15/08, 02/17/08
Contractors List	Honolulu Advertiser	02/08/08, 02/10/08, 02/22/08, 02/24/08
Benefits of HECO Approved Solar - \$1,000 Rebate	Honolulu Advertiser	02/29/08, 03/02/08, 03/14/08, 03/16/08, 03/28/08, 03/30/08
Contractors List	Honolulu Advertiser	03/07/08, 03/09/08, 03/21/08, 03/23/08
Contractors List	Honolulu Advertiser	04/04/08, 04/06/08, 04/18/08, 04/20/08
Benefits of HECO Approved Solar II (New Ad)	Honolulu Advertiser	04/11/08, 04/13/08, 04/25/08, 04/27/08
Save	Honolulu Weekly Sustainability Guide	04/16/2008
Save	Honolulu Star Bulletin Earth day supplement	04/18/2008

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Residential Customer Energy Awareness Program Delivery
Program Delivery

<u>SPOT/PRODUCT</u>	<u>MEDIUM</u>	<u>DATES</u>
Contractors List	Honolulu Advertiser	05/02/08, 05/04/08, 05/23/08, 05/25/08
Benefits of HECO Approved Solar II	Honolulu Advertiser	05/16/08, 05/18/08
Benefits of HECO Approved Solar II	Honolulu Advertiser	06/06/08, 06/08/08, 06/27/08, 06/29/08
Contractors List	Honolulu Advertiser	06/13/08, 06/15/08, 06/20/08, 06/22/08
Save	Honolulu Weekly	06/18/2008
Tips	Honolulu Advertiser "Living Green" Tab	06/29/2008
Contractors List	Honolulu Advertiser	07/04/08, 07/06/08, 07/25/08, 07/27/08
Benefits of HECO Approved Solar II	Honolulu Advertiser	07/18/08, 07/20/08
Benefits of HECO Approved Solar II	Honolulu Advertiser	08/08/08, 08/10/08, 08/29/08, 08/31/08
Contractors List	Honolulu Advertiser	08/15/08, 08/17/08, 08/22/08, 08/24/08
Contractors List	Honolulu Advertiser	09/05/08, 09/07/08, 09/26/08, 09/28/08
Coupon Insert - CFLs	Midweek	09/10/08, 09/24/08
Benefits of HECO Approved Solar II	Honolulu Advertiser	09/19/08, 09/21/08
Coupon Insert - Tips	Midweek	10/01/08, 10/08/08
Benefits of HECO Approved Solar II	Honolulu Advertiser	10/10/08, 10/12/08
Tips	Midweek	10/15/08
Contractors List	Honolulu Advertiser	10/17/08, 10/19/08
Coupon Insert - Peak/Scout	Midweek	10/22/08
Tips	Midweek	11/05/08
Benefits of HECO Approved Solar II	Honolulu Advertiser	10/31/08, 11/02/08, 11/21/08, 11/23/08
Peak/Scout	Midweek	11/12/08
Super Size	Honolulu Advertiser	11/03/08, 11/06/08, 11/09/08, 11/12/08
Super Size	Honolulu Advertiser	11/16/08, 11/19/08, 11/23/08, 11/26/08, 11/30/08, 12/03/08
Contractors List	Honolulu Advertiser	11/07/08, 11/09/08, 11/28/08, 11/30/08
Benefits of HECO Approved Solar II	Honolulu Advertiser	12/05/08, 12/07/08, 12/19/08, 12/21/08
Contrators List	Honolulu Advertiser	12/12/08, 12/14/08, 12/26/08, 12/28/08
Be Energy Wise	Homescapes (Advertiser product)	04/02/08

Residential Customer Energy Awareness Program Delivery
Program Delivery

SPOT/PRODUCT	MEDIUM	DATES
Save	Homescapes (Advertiser product)	05/07/08, 06/04/08, 10/01/08
Blueprint Page	Hawaii Home & Remodeling	May 2008
(Advertorial #4)	Hawaii Home & Remodeling	July 2008
(Advertorial #5)	Hawaii Home & Remodeling	September 2008
(Advertorial #6)	Hawaii Home & Remodeling	November 2008, December 2008
New Home Checklist	Honolulu Advertiser: Parade of Homes	10/05/08
"Congratulations"	Honolulu Advertiser: Parade of Homes	10/12/08
"Congratulations"	Honolulu Star Bulletin	10/12/2008
500MW Chart	Green Hawaii Magazine (HHR Product)	April 2008
Green Homes Rebate Program	BIA - Progress	April 2008

7. Schedule and Conduct Major Community Events

Planning, manpower, advertising and promotions were provided in support of Hawaiian Electric's "Live Energy Lite event" held on September 29, 2007 and scheduled for October 11, 2008 at Pearlridge Center.



Residential Customer Energy Awareness Program Delivery
Program Delivery

The event kicks off Energy Awareness Month, celebrated yearly in October. The Live Energy Lite event features live entertainment, games, drawings, prize giveaways and interactive exhibits by Hawaiian Electric Company and other organizations, with experts on hand to answer questions related to energy conservation and environmental stewardship.

Radio Schedule

Radio Promotion	LEL - Event (:60)	KRTR-AF, KCCN-FM, KINE-FM/KKNE-AM, KPHW-FM	09/24/07 - 09/30/07	\$16,000
Radio Promotion	LEL - Event (:60)	KRTR-AF, KCCN-FM, KINE-FM/KKNE-AM, KPHW-FM	09/29/08 - 10/11/08	\$16,000

Print Schedule

Live Energy Lite	Hawaii Marine	09/21/07	\$1,032
Live Energy Lite	Military Papers (Army Weekly, Navy News, Air Force Kukini)	09/21/07	\$1,067
Live Energy Lite	Midweek (West Zone)	09/26/07	\$1,493
Live Energy Lite	Ka Nupepa	09/26/07	\$555
Live Energy Lite	Leeward Current	09/26/07	\$555
Live Energy Lite	Westside Stories	September 2007	\$678
Live Energy Lite	Military Papers (Army Weekly, Navy News, Air Force Kukini)	10/03/08	\$934
Live Energy Lite	Midweek (West Zone)	10/08/2008	\$1,556
Live Energy Lite	Hawaii Marine	10/03/2008	\$1,080
Live Energy Lite	Ka Nupepa	10/08/2008	\$1,059
Live Energy Lite	Leeward Current	10/08/2008	\$1,059

8. Schedule and Conduct Home Shows and Other Events

See status of #7 above and #9 below for a description of the Live Energy Lite promotion and events and the School Program. In addition, materials developed in those efforts supported trade shows and other events as follows:

HECO In Your Community Events 2007/2008
Rebuild Hawaii Meeting – February 21, 2007
WEBCO Retailers Buy Show – February March 6-7, 2007

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Hawaiian Homestead Meeting – March 24, 2007
Hawaiian Electric Company's Business Engagement - April 22, 2007
Hawaiian Electric Company Sponsorship of Waikiki Sunset on the Beach – April 14-15, 2007
Hawaii Build & Buy Green Conference and Expo – May 8-9, 2007
Hawaii Lodging, Hospitality and Foodservice Expo – July 11-12, 2007
Building Owners and Managers Association Mini Trade Show – August 14, 2007
Green Homes Presentation to Department of Hawaiian Homestead Lands – August 22, 2007
Coldwell Banker Annual Conference and Expo – September 28, 2007
2007 Pacific Coast Electrical Association Hawaii Conference & Expo on September 6 – 8, 2007
Hawaii State Teachers Association Convention – October 8, 2007
Pacific Building Trade Expo – October 23, 2007
WEBCO Retailers Buy Show – February 7, 2008
Hilton Employees Energy Awareness Expo – February 27, 2008
Kapaehulu Neighborhood Board Meeting – March 13, 2008
Macy's Employee Awareness Energy Fair – April 9, 2008
Wahiawa Senior Meeting for Energy Conservation – April 28, 2008
Housing Urban Development Multi Family Industry Meeting – Energy Conservation - June 24, 2008

9. Schedule and Conduct School Programs

Two energy conservation school videos were produced in partnership with the State of Hawaii Department of Education and Hawaiian Electric's "Home Energy Challenge" contest. Electronic copies (DVDs) of the two school videos will be provided in a separate correspondence.

10. Conduct Second Customer Survey and Focus Groups

The second customer survey was conducted from November 1 - 10, 2007. A sample of 400 interviews was completed with the objectives of tracking increase in customer awareness of energy conservation and the effectiveness of the various advertising mediums.

The second set of focus groups were held on November 14 - 15, 2007. Four focus group sessions were conducted to help track increase in awareness of energy conservation and current advertising messages.

11. Conduct Third Customer Survey and Focus Groups

The third focus groups were held on April 30 and May 1, 2008. Four focus group sessions were conducted among 39 Oahu residents, with two groups of single-family home residents and two groups of multi-family home residents. The purpose was to test new advertising concepts and guide the ad development for both print and television.

The results of these four focus groups suggest that the simplicity of the message was key in overall appeal and effectiveness in motivating residents to conserve energy.

Residential Customer Energy Awareness Program Delivery
Program Delivery

The third customer survey was conducted from June 12 to June 23, 2008. A sample of 401 interviews was completed with the overall objective to track awareness of energy conservation issues and messages among Oahu residents.

The findings from the third customer survey indicate the RCEA campaign continues to be successful in generating greater levels of awareness and recall of energy conservation messages. In particular, awareness of ENERGY STAR® and solar water heating messages has notably increased when compared to the second survey. Awareness of CFL messages also continues to increase, but to a lesser degree than ENERGY STAR and solar, due to prior gains.

12. Conduct Final Customer Survey and Bill Comparisons

N/A

13. Prepare and File Final Report

N/A

CA-IR-501

Ref: Witness T-5, pages 6 through 8.

HECO T-5 indicates the biodiesel price is based on the Imperium Biodiesel Supply Contract.

- a. Please provide a copy of the Imperium Biodiesel Supply Contract in whatever form it is available (i.e., draft, final, signed, etc.).
- b. Please provide copies of all documentation supporting the test year 2009 biodiesel price.

HECO Response:

- a. A redacted version of the Biodiesel Supply Contract between HECO and Imperium Services, LLC ("Imperium Contract") was provided in HECO's application for approval of the contract and to include the contract costs in HECO's Energy Cost Adjustment Clause, filed October 18, 2007 in Docket No. 2007-0346. On April 10, 2008, the Commission issued the Protective Order in Docket No. 2007-0346, Order No. 24145 ("Imperium Protective Order"). The Imperium Protective Order established two-levels of confidentiality. Information designated as "Level Two Confidential Information", related primarily to pricing and pricing related information, will only be provided to the Commission and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs ("Consumer Advocate"), and will not be provided to Life of the Land ("LOL"), the other party to Docket No. 2007-0346. All other confidential information will be provided to LOL, the Consumer Advocate and the Commission. On May 7, 2008, pursuant to the Imperium Protective Order, HECO filed with the Commission the unredacted pages of the Imperium Contract, which included both confidential information and Level Two Confidential Information.

On January 30, 2009, HECO filed an amendment to the Imperium Contract (“Amended Imperium Contract”), and on February 6, 2009 HECO filed a Terminalling and Trucking Agreement between HECO and Aloha Petroleum, Limited (“Aloha Agreement”), which is an agreement that has a relationship to the Amended Imperium Contract, Docket No. 2007-0346. Subsequent to these filings, in the late February-early March 2009 timeframe, HECO revised the classification of certain confidential information and Level Two Confidential information. Attached to this response are the redacted pages of the Imperium Contract (from HECO’s March 6, 2009 filing), Amended Imperium Contract (from HECO’s Supplemental Rebuttal Testimony, filed March 3, 2009) and the Aloha Agreement (from HECO’s Supplemental Rebuttal Testimony, filed March 3, 2009), Docket No. 2007-0346, submitted as Attachments 1, 2 and 3 respectively. Pursuant to the Protective Order issued November 21, 2008 in HECO’s 2009 test year rate case (“Rate Case Protective Order”), Docket No. 2008-0083, attached to this response in a sealed envelope are the unredacted confidential information and Level Two Confidential Information for the Imperium Contract, Amended Imperium Contract and the Aloha Agreement presented in the same manner as filed in Docket No. 2007-0346 (the confidential information is on blue pages and the Level Two Confidential Information is on yellow pages). The Company is retaining the color coding of the confidential information for information and identification purposes only. The provision of this information is pursuant to the protective order of this proceeding. The source for the unredacted information related to the Imperium Contract is HECO’s March 6, 2009 filing, except for the Illustrative Schedule of Prices, Attachment C, which is from

HECO's May 7, 2008 filing, Docket No. 2007-0346. The source for the unredacted information related to the Amended Imperium Contract is HECO's March 6, 2009 filing, except for blue page -17- which is from HECO's March 10, 2009 filing, Docket No. 2007-0346. The source for the unredacted information related to the Aloha Agreement is HECO's March 6, 2009 filing, Docket No. 2007-0346.

- b. The supporting documentation for the 2009 biodiesel price was provided in direct testimony, HECO-WP-502. Updated 2009 biodiesel price was provided in the Rate Case Update for HECO T-5, to correct the tax applied to the estimated April 2008 CIP biodiesel price (refer to Rate Case Update HECO T-5, page 1) and further discussed in CA-IR-173. Subsequently, the biodiesel price has been revised, based on the price formula from Amendment No. 1 to the Biodiesel Supply Contract between Hawaiian Electric Company and Imperium Services, LLC effective January 30, 2009 in Docket No. 2007-0346. The revised biodiesel price computation is provided in Attachment 4. Attachment 4 is confidential, pursuant to the Protective Order filed on November 21, 2008 in this proceeding.

Attachments 1-4 are voluminous and available for inspection at HECO's Regulatory Affairs Division office, Suite 1301, Central Pacific Plaza, 220 South King Street, Honolulu, Hawaii. Please contact Dean Matsuura at 543-4622 to make arrangements to inspect the documents. Electronic copies of the requested information are being provided.

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Contract No. PIF-07-003

BIODIESEL SUPPLY CONTRACT

This Biodiesel Supply Contract (the "Contract") is made on **August 13, 2007**, by and between **HAWAIIAN ELECTRIC COMPANY, INC.**, a Hawaii corporation, ("HECO") and **IMPERIUM SERVICES, LLC**, ("Seller"), a Washington State Limited Liability Company with its principal place of business and mailing address at 1741 First Avenue South, 3rd Floor, Seattle, WA 98134.

WHEREAS, HECO is in the business of generation, transmission and distribution of electrical power on the island of Oahu, State of Hawaii; and

WHEREAS, HECO will have certain Biodiesel supply, handling, and delivery requirements needed for its generating facility to be constructed, owned, operated and located at its Barbers Point Tank Farm site ("BPTF" or the "Site") in Campbell Estate Industrial Park, Kapolei, Oahu, Hawaii ("CIP"), and such Biodiesel is to be used to generate electricity to meet HECO's utility franchise obligation to provide reliable electrical service on the Island of Oahu, State of Hawaii; and

WHEREAS, Seller proposes to construct, own and operate a 100 million gallon per year Biodiesel facility and appurtenant facilities at or near Kalaheo Barbers Point Harbor on the Island of Oahu ("Seller's Facility" as defined below);

WHEREAS, Seller and its affiliates are suppliers of Biodiesel with facilities and transportation capabilities on the Island of Oahu, the mainland U.S., and internationally necessary to supply and deliver to HECO's Facility (as defined below) Biodiesel that meets HECO's requirements; and

WHEREAS, Seller represents that it is equipped and has the ability to supply Biodiesel of a quality and quantity and at a rate of delivery sufficient to meet HECO's requirements; and

WHEREAS, Seller is willing to sell and deliver Biodiesel to HECO and HECO is willing to purchase and receive such fuel from Seller under the terms and conditions set forth hereinafter.

NOW, THEREFORE, it is mutually agreed by the parties hereto as follows:

ARTICLE I DEFINITIONS

Except where otherwise indicated, the following definitions shall apply throughout this Contract.

1.1 "Barrel" means 42 United States bulk gallons at [REDACTED]

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1.2 "Biodiesel" means fuel comprised of mono-alkyl esters of long chain fatty acids derived solely from virgin oils, including esters derived from virgin vegetable oils from corn, palm, soybeans, sunflower seeds, jatropha, cottonseeds, canola, crambe, rapeseeds, safflowers, flaxseeds, rice bran, and mustard seeds, and from animal fats, designated as B-100 or a Biodiesel Blend with no more than 0.2% diesel fuel by volume, which conforms to the specifications set forth in Exhibit A.

1.3 "Biodiesel Blend" means a blend of biodiesel fuel with petroleum-based diesel fuel designated BXX, where XX represents the volume percentage of biodiesel fuel in the blend. For example, B-99.8 is a Biodiesel Blend with 0.2% diesel fuel by volume and 99.8% biodiesel fuel by volume.

1.4 "Blender's Credit" means the tax credit available under Internal Revenue Code, Subtitle A, chapter 1, subchapter A, part IV, subpart D, section 40A, as may be amended or succeeded, and which is currently \$1.00 per gallon.

1.5 "BTU" and "BTU content" means British Thermal Unit and refers to the standard assessment of a fuel's gross heating value or gross heat content.

1.6 "Certificate of Quality" means the means the formal document recording the Seller's laboratory determinations of the quality and BTU content of a particular sample of Biodiesel which represents a specific delivery, said laboratory determinations having been performed in accordance with the standard test methods described in this Contract.

1.7 "Combustion Turbine Warranty Period" means the [REDACTED] manufacturer (Siemens Power Generation, Inc.) warranty that will apply to the first combustion turbine – "CT-1" – to be installed at the HECO Facility.

1.8 "Commencement Date" means the date on or after January 1, 2009 (or earlier if mutually agreed upon by the parties) that HECO requests delivery of Biodiesel under this Contract.

1.9 "DOT" means the Department of Transportation of the State of Hawaii and/or of the United States, as the case may be.

1.10 "Gallon" means a United States liquid gallon of 231 cubic inches at [REDACTED]

1.11 "HECO's Facility" means the electric power generating facility located at the Site and owned or operated by HECO.

1.12 "Independent Inspector" means a qualified third-party fuel inspection contractor acceptable to both HECO and Seller who shall provide fuel sampling and measurement oversight and related services.

1.13 "Seller's Facility" means Seller Hawaii's 100 million gallon per year biodiesel facility to be constructed and located at Kalaeloa Barbers Point Harbor on Oahu, Hawaii.

1.14 "Seller's Terminal" shall mean infrastructure at Seller's Facility with a truck loading rack and other improvements for delivery of Biodiesel to HECO and other customers.

1.15 "Tank Truck(s)" means Biodiesel delivery vehicles, including but not limited to tankers, tank trucks, tractor/tank trailer and their related fittings, discharge pumps, machinery, hoses and equipment, by which means Biodiesel is delivered to HECO and discharged into HECO's Biodiesel receiving facilities. Such Tank Trucks may be owned and operated by Seller or third parties under contract with Seller at Seller's sole discretion.

ARTICLE II. TERM

Section 2.1 Original Term and Extended Terms. The term of this Contract (the "Original Term") shall commence on the date indicated above and shall expire on December 31, 2011. Unless (a) earlier terminated pursuant to the provisions of this Contract, or (b) notice of intent not to extend the term is sent by one party to the other no later than 180 calendar days before the end of the Original Term, this Contract will automatically renew for annual terms ("Extended Terms") on the same terms and conditions provided herein (and as may be amended) until terminated by notice of intent not to renew sent by one party to the other not less than 180 calendar days before the end of the then-current annual term. HECO shall not require actual delivery of Biodiesel under this Contract before January 1, 2009 unless otherwise mutually agreed upon in writing by the parties.

ARTICLE III. QUANTITY

Section 3.1 Quantity of Biodiesel To Be Supplied/Delivered. Subject to the terms and conditions herein, Seller shall sell and deliver to HECO, and HECO shall purchase and receive from Seller, Biodiesel as required by HECO to operate CT-1 at HECO's Facility. HECO will operate CT-1 solely on Biodiesel (a) after the final acceptance criteria for CT-1 have been satisfied by the CT-1 manufacturer; and (b) when it is permitted to do so. HECO anticipates that the average annual Biodiesel volume required will range between 5,000,000 gallons per year and 12,000,000 gallons per year. HECO shall have no minimum purchase requirement. However, during the term of this Contract, HECO will purchase all Biodiesel to be used to operate CT-1 exclusively from Seller subject to the terms and conditions herein. Subject to availability, Seller shall sell and deliver and HECO shall purchase and receive such additional volumes in excess of 12,000,000 gallons per year as are mutually agreed upon by the parties. HECO shall have the right to purchase Biodiesel from another supplier of its choice if HECO's volume requirement exceeds 12,000,000 gallons per year and Seller is unable to sell and deliver all such excess requirements.

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Section 3.2 Forecast of Biodiesel To Be Supplied/Delivered. Prior to the 20th day of each month, HECO shall give Seller a forecast of the total volume of HECO's expected demand of Biodiesel ("Biodiesel Demand Forecasts") for each of the subsequent 3 calendar months. It is understood and agreed by the parties that such Biodiesel Demand Forecasts shall be nonbinding and will be used for planning purposes only as HECO's actual fuel requirements will depend on the dispatch of HECO's Facility. HECO will provide Seller with updated Biodiesel Demand Forecasts if/when HECO subsequently determines that there is a change in the expected demand for a forecast month greater than [REDACTED] the amount previously forecasted for such month. HECO shall make a reasonable attempt to coordinate with Seller for the receipt of Biodiesel delivered by pipeline or truck ratably through the month and year.

Section 3.3 Source of Biodiesel to be Supplied/Delivered. Seller shall have the right to deliver Biodiesel from its affiliated company's Grays Harbor Facility in Grays Harbor, Washington, or to purchase Biodiesel meeting the specifications of Section 4.1 below from third parties in compliance with Section 7.2. After expiration of the Combustion Turbine Warranty Period, in the event Biodiesel is not available in sufficient quantities from Seller's Facility or Seller's affiliated company's Grays Harbor Facility due to an emergency situation or other unforeseen circumstances beyond Seller's reasonable control, and Seller requires Biodiesel from third party suppliers to perform its obligations under this Contract, Seller may deliver third party sourced Biodiesel that meets the specifications of the latest version of [REDACTED], including without limitation, the Acid Number and Sodium and Potassium combined limit, provided that such third party sourced Biodiesel complies with the requirements of Section 7.2 and shall not exceed [REDACTED] percent of the total volumes of Biodiesel delivered to HECO during any calendar year.

ARTICLE IV.
QUALITY

Section 4.1 Quality Of Biodiesel To Be Supplied/Delivered. The Biodiesel supplied under this Contract shall have a minimum net heat content of [REDACTED] Btu per gallon and otherwise be as set forth in Attachment A hereto and made a part hereof (the "Specification") subject to Sections 3.3, 6.1 and 6.8 of this Contract. So long as the Blender's Credit or any similar or successor credit is available and effective, Seller shall deliver to HECO a Biodiesel Blend with no more than 0.2% diesel and HECO shall receive the maximum such credit without deduction by Seller (See Pricing, Article V). The Biodiesel shall have a [REDACTED] shelf life from the date of delivery subject to HECO storing and maintaining the Biodiesel at all times in accordance with section X2.7 of ASTM D 6751.

During all terms of this Contract, Seller shall maintain the quality control and testing standards, programs, equipment and staffing in effect at its affiliated companies' Seattle and Grays Harbor, Washington Biodiesel facilities. Seller shall use commercially reasonable best efforts to apply for and obtain BQ-9000 certification from the National Biodiesel Accreditation Program for Seller's Facility within one (1) year of the Commencement Date.

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All Biodiesel delivered under this Contract shall be dyed red in accordance with State and Federal requirements for tax-exempt, off-road diesel fuel.

ARTICLE V.
PRICE

Section 5.1 Pricing. The price per gallon of Biodiesel sold to HECO under this Contract shall be determined by application of the following formulas. The Section 5.1(a) [REDACTED] Formula shall apply to Biodiesel produced from feedstock sourced from North America, Central America and South America other than Hawaii ("Non-Asia Region"). The Section 5.1(b) [REDACTED] Formula shall apply to Biodiesel produced from feedstock sourced from Asia. The Section 5.1(c) Hawaii Local Feedstock Pricing Formula shall apply to Biodiesel produced from feedstock sustainably grown in Hawaii in accordance with Section 7.2 of this Contract ("Hawaii Local Sustainable Feedstock").

(a) [REDACTED] FORMULA. The price per gallon of Biodiesel produced from feedstock grown in the Non-Asia Region shall be determined by application of the following formula:

PB = [REDACTED]

PB = [REDACTED]

R = [REDACTED]

[REDACTED]

[REDACTED]

RF = [REDACTED]

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[REDACTED]

RFan =

[REDACTED]

RFa2 =

[REDACTED]

X =

[REDACTED]

Y =

[REDACTED]

SR =

[REDACTED]

SRn =

[REDACTED]

PC =

[REDACTED]

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BC = [REDACTED]

SP = [REDACTED]

T = [REDACTED]

(b) [REDACTED] PRICING FORMULA: The price per gallon of Biodiesel produced from feedstock [REDACTED] shall be determined by application of the following formula:

PB = [REDACTED]

PB = [REDACTED]

R = [REDACTED]

(1) [REDACTED]

(2) [REDACTED]

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[REDACTED]

(3) [REDACTED]

RF = [REDACTED]

RFbn = [REDACTED]

X = [REDACTED]

Y = [REDACTED]

SR = [REDACTED]

SRn = [REDACTED]

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PC =

BC =

SP =

T =

(c) HAWAII LOCAL SUSTAINABLE FEEDSTOCK FORMULA. If the price per pound of
Hawaii Local Sustainable Feedstock

, then Seller shall procure and deliver to HECO
Biodiesel produced from the Hawaii Local Sustainable Feedstock and the price per gallon of the
same shall be determined by application of the following formula:

PB =

PB =

Rlocal =

X =

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Y =

SR =

SRn =

PC =

BC =

T =

(d)

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(e)

(f) In the event that HECO becomes aware of feedstock that may be utilized for production of Biodiesel under this Contract, HECO shall bring such feedstock opportunity to the attention of Seller in a timely manner.

(g) Attachment C hereto contains an illustrative schedule of prices calculated pursuant to this Section 5.1.

(h) All prices, adjustments thereto and other sums payable hereunder shall be stated in the nearest thousandth of a U.S. dollar.

ARTICLE VI. DELIVERY

A. By Pipeline

Section 6.1 Pipeline Shipment Seller may deliver Biodiesel by pipeline from Seller's Terminal into HECO's Facility and, unless otherwise mutually agreed in writing, will deliver Biodiesel from Seller's delivering pipeline ("Seller's Pipeline") in nominal shipment sizes of [REDACTED] barrels to [REDACTED] barrels to HECO's Facility at a delivery rate of [REDACTED] barrels per hour minimum.

(a) In the event a dedicated pipeline is available between Seller's Facility and HECO's Facility, and Seller elects to make deliveries by pipeline in its sole discretion, the sulfur limit of the Biodiesel shall be reduced to [REDACTED] ppm maximum for the Biodiesel delivered by such dedicated pipeline.

(b) Seller shall operate Seller's Pipeline in a safe manner, in compliance with all applicable laws and regulations, and in accordance with good engineering and operating practices ("GEOPS") and in accordance with generally accepted industry practices.

(c) In order to permit the flow of Seller's Biodiesel between Seller's Pipeline and HECO's Facility, certain pipe, joints, valves, and other fittings, gauges, and other apparatus, and appurtenances (collectively "Pipeline Interconnection Facilities") need to be constructed in the location on the HECO Facility side of where Seller's Pipeline and HECO's Facility piping physically intersect and connect ("Point Of Interconnection"). Seller shall be responsible for the design, engineering and construction and cost of the Pipeline Interconnection Facilities. HECO shall have the right to approve in advance, Seller's designs, engineering and construction standards, provided, however, that such approval shall not be unreasonably withheld or delayed. Seller may, at its option, engage third-party consultants or contractors to perform the design,

engineering and construction of the Pipeline Interconnection Facilities, provided that Seller's selection of such consultants and contractors shall be subject to HECO's approval, which approval shall not be unreasonably withheld or delayed.

(d) The design and engineering plans (the "Plans") for the Pipeline Interconnection Facilities shall be developed in accordance with all applicable laws and regulations and GEOPS. HECO shall have thirty (30) working days following its receipt of the Plans ("30-day Review Period") to review the Plans and submit written comments to Seller. Should HECO fail to provide written notice to Seller of its approval, conditional approval or disapproval of the Plans prior to the end of the 30-day Review Period, HECO shall be deemed to have approved the Plans.

(e) Seller shall permit HECO to inspect the construction of the Pipeline Interconnection Facilities at all times during normal business hours and upon reasonable advance notice to Seller. Seller or Seller's contractor shall perform all construction work in compliance with all applicable laws and regulations.

(f) Following the completion of the construction of the Pipeline Interconnection Facilities, Seller shall transfer to HECO by written notice all of Seller's rights, title and interest in and to the Pipeline Interconnection Facilities which shall then be a part of the HECO Facility. On and after such date and time of transfer, HECO shall own, operate and maintain the connection and other components of the Pipeline Interconnection Facilities. Subject to the prior approval of Seller, which shall not be unreasonably withheld or delayed, HECO shall schedule and perform such routine maintenance on the Pipeline Interconnection Facilities as shall be required to by applicable laws, regulations, general industry practices and GEOPS. Seller shall reimburse HECO for its reasonable documented out of pocket costs and expenses incurred solely as a result of such routine maintenance.

(g) Consent of Seller shall not be required for routine maintenance of the Pipeline Interconnection Facilities, provided, however, that HECO shall be required to advise Seller regarding the potential impact on shipments of Seller's Biodiesel caused by any maintenance procedures or improvements which are not routine or minor in nature and which are not urgent and necessary to maintain the Pipeline Interconnection Facilities. Such maintenance shall be performed by HECO as may be required from time to time. HECO shall maintain accurate and complete records of maintenance performed and shall provide same and any other relevant supporting information as Seller may reasonably require.

(h) Consent of HECO shall not be required for routine maintenance of Seller's Pipeline, provided, however, SELLER shall be required to advise HECO regarding the potential impact on shipments of Seller's Biodiesel caused by any maintenance procedures or improvements which are not routine or minor in nature and which are not urgent and necessary to maintain Seller's Pipeline in good order.

Section 6.2 Pipeline Delivery Coordination. The parties shall mutually coordinate the delivery of Biodiesel from Seller's Terminal to HECO's Facilities. Transport scheduling shall be

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flexible to assure that HECO's operational requirements are met and that the Biodiesel sold and delivered by Seller is delivered at a reasonably uniform rate. Seller is responsible for the operation and delivery pumps, pipeline and other support systems in its facility during the delivery of the Biodiesel and a representative of Seller shall be present at all times during the delivery operation and be within radio communication with HECO personnel at such time. Notwithstanding the foregoing, the physical delivery of the Biodiesel to HECO's Facilities will be coordinated through HECO and HECO shall determine at its sole discretion the readiness of the HECO Facilities and HECO personnel to receive the Biodiesel delivered by Seller's Pipeline.

Section 6.3 Pipeline Delivery Notification: Seller shall provide delivery services from [REDACTED], Monday through Friday, excluding federal and State holidays ("Normal Working Hours"), except in the case of emergency, when Seller shall make all reasonable efforts to comply with HECO's request for delivery outside of Normal Working Hours. Biodiesel may be delivered to HECO's Facility other than during said Normal Working Hours subject to HECO's express consent. Seller hereby agrees to pay reasonable charges for labor (not to exceed HECO's actual maximum labor charges), whether for staffing or other purposes, when incurred as a result of Biodiesel delivery and other Biodiesel handling operations outside of Normal Working Hours, unless such delivery was at HECO's request. Said labor charges shall include without limitation applicable straight time, overtime, double time and other shift differentials, and applicable non-labor expenses, including but not limited to vacation pay, general and administrative expenses, employee benefits, and payroll taxes related to said labor charges.

HECO shall provide telephone notification to Seller, during Normal Working Hours, confirming the actual delivery time and volume requested by HECO at least 2 business days prior to the commencement of delivery operations. Seller shall make all reasonable efforts to comply with this notice and will advise HECO promptly if HECO's desired delivery time and/or volume cannot be met. However, nothing herein shall obligate Seller to deliver Biodiesel to HECO if, in Seller's reasonable opinion, an unsafe condition exists, due to weather conditions or some other safety-related cause not under Seller's direct control. Should the volume of storage capacity required to accommodate HECO's delivery amount request not be available, or should the tentative date or time of any individual delivery conflict with fuel transfer or other operations expected to take place at HECO's Facility, HECO shall so promptly notify Seller. Upon receipt of such notice, Seller and HECO will work together to reduce the volume of the Biodiesel to be delivered by Seller or agree upon an alternate delivery date or amount so as to minimize the impact on both Seller and HECO.

Section 6.4: Pipeline Delivery Determination of Quality The quality and BTU content of the Biodiesel delivered by Seller's Pipeline to HECO shall be determined on the basis of a volumetric weighted average composite of samples drawn from Seller's issuing tank(s) at Seller's Facility in such a manner as to be representative of each individual pipeline delivery ("Pipeline Delivery Tank Final Sample").

The Pipeline Delivery Tank Final Sample shall be divided into a minimum of three (3) parts as follows:

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- (1) One part shall be provided to Seller's Facility laboratory for analysis to determine BTU content per gallon and quality determination.
- (2) One part shall be provided to HECO's designated laboratory for analysis for the purpose of verifying Seller's BTU content and quality determinations.
- (3) At least one part shall be sealed and retained by a designated Independent Inspector for a period of not less than 45 days.

Seller agrees to provide HECO and the Independent Inspector with a copy of Seller's Certificate of Quality representing the Pipeline Delivery Tank Final Sample and will make best efforts to provide such quality documentation no later than one (1) business day prior to the start of the delivery by Seller's Pipeline. It is expressly understood and agreed that HECO shall have no obligation to accept any Biodiesel for which Seller has not provided the Certificate of Quality required by this Section 6.4

If Seller's issuing tank(s) receive additional Biodiesel or any other material after the Pipeline Delivery Tank Final Sample was drawn until the completion of the pipeline delivery of Biodiesel to HECO, pumping must stop immediately as the delivery will be deemed to have been then completed. In such case, the issuing tank(s) contents shall be sampled, such samples analyzed and quality documented and reported as provided herein before Biodiesel from said issuing tanks shall be delivered by pipeline by Seller to HECO.

Section 6.5: Pipeline Delivery Measurement of Quantity. The quantity of Biodiesel delivered by pipeline delivery hereunder shall be determined at the time of the pipeline delivery by gauging Seller's tanks before and after pumping under the supervision of the Independent Inspector. Quantities sold and delivered by Seller and purchased and received by HECO hereunder shall be calculated in accordance with the current measurement standards adopted by industry, ASTM, API and other recognized standard-setting bodies as are applicable in the opinion of the Independent Inspector and shall be expressed in both G.S.V., U.S. barrels @ [REDACTED] and G.S.V., U.S. gallons @ [REDACTED].

Both HECO and Seller agree that if measurement of Seller's tanks is, in the opinion of the Independent Inspector, considered to have been rendered inaccurate for any reason including, but not limited to operational constraints, physical loss of Biodiesel or inadvertent transfer of Biodiesel within Seller's facilities, then the quantity of Biodiesel may be determined by gauging HECO's tanks before and after pumping under the supervision of the Independent Inspector.

Section 6.6: Pipeline Delivery Disputes of Quality. The determination of quality for purposes of this Contract shall be based on Seller's laboratory results. HECO shall have the right to verify the results of Seller's laboratory analyses. If HECO has reason to believe that the quality of Biodiesel stated in a particular Certificate of Quality is incorrect, such as but not limited to cases where the arithmetic difference between HECO's and Seller's laboratory determinations is greater than the then existing reproducibility standard for the appropriate test method specified in Article IV herein, that party shall within 40 days after the issuance date of

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the complete Certificate of Quality, present the other party with documents supporting such discrepancy, and the parties will confer, in good faith, on the causes for the discrepancy and shall proceed to correct such causes and adjust the quality, if necessary, for the pipeline delivery in question. In the event of an unresolvable difference between Seller and HECO, the sealed part of the Pipeline Delivery Tank Final Sample in the possession of the Independent Inspector shall be provided to an independent testing laboratory for an official determination, which shall be final and binding upon both parties. Seller and HECO shall share equally the costs of such independent tests and determinations.

If the quality of the Biodiesel received by HECO from Seller fails to conform to specifications in Article IV of this Contract, both Seller and HECO shall minimize, if possible, the impact of any quality problem on HECO. At HECO's sole discretion, such efforts may include Specification waiver. Such efforts may also include Seller delivering higher quality Biodiesel in a timely manner to produce a specification quality blend in HECO's receiving and storage tank(s) containing the non-specification Biodiesel. If all such, and similar, efforts fail to resolve the quality problem, then HECO may return non-conforming Biodiesel and any other Biodiesel downgraded by commingling with the non-specification Biodiesel to Seller, in which case Seller shall replace the non-conforming and other downgraded Biodiesel in a timely manner with Biodiesel meeting the required quality specifications. HECO may, at its option, seek other supplies of Biodiesel if in HECO's reasonable discretion, in the event the delivery of non-conforming Biodiesel may not be remedied in time to prevent a possible interruption of HECO's operations. All costs of remedying the delivery of non-conforming Biodiesel, or arising from non-conforming Biodiesel, including the emptying and cleaning of storage tanks containing non-conforming Biodiesel or HECO's Biodiesel downgraded by commingling with the non-conforming Biodiesel, if reasonably necessary, shall be paid by Seller. Any remedy of non-conforming Biodiesel accepted by HECO under this Section 6.6 shall not operate or be construed to remedy any similar non-conforming Biodiesel or to change the specifications of Biodiesel acceptable to HECO under the terms of this Contract.

Section 6.7: Pipeline Delivery Independent Inspection Seller and HECO will make best efforts to ensure that all samples, measurements taken and determinations made with respect to the provisions of this Contract shall be under the supervision of an Independent Inspector, and the costs thereof, shall be shared equally by Seller and HECO. If, and only with the express agreement of HECO, due to a need for timeliness or other reason, Seller's personnel rather than the Independent Inspector take measurements, such measuring shall be performed in accordance with accepted industry standards approved by an Independent Inspector.

B. By Truck

Section 6.8 Truck Shipment Seller may deliver Biodiesel by Tank Truck in nominal shipment sizes of a minimum [REDACTED] gallons from Seller's Facility into the tanker truck discharging manifold system connected at HECO's Facility capable of a delivery rate of [REDACTED] gallons per minute minimum utilizing HECO's Facility's discharge equipment. Seller, its agents, and contractors shall comply with all safety and operating procedures of the HECO Facility and Seller is responsible for the proper Tank Truck operation, which includes loading Biodiesel into

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empty and clean tanker compartments, discharging of tanker trucks, connection, and disconnection of all fuel loading arms, fittings, and hoses. In the event Seller owned and/or operated or third party Biodiesel dedicated Tank Trucks are available between Seller's Facility and HECO's Facility and Seller elects to make deliveries by such Biodiesel dedicated Tank Trucks in its sole discretion, the sulfur limit of the Biodiesel shall be reduced to [REDACTED] ppm maximum for the Biodiesel delivered by such dedicated Tank Trucks. If HECO unilaterally requests dedicated Tank Trucks, the parties shall meet to discuss the additional costs of such dedicated Tank Trucks and Seller shall use dedicated Tank Trucks if the parties mutually agree to the terms of such an arrangement. Any and all such truck deliveries shall be made at the legally allowable weight limit.

Section 6.9. Coordination. The parties shall mutually coordinate the delivery of Biodiesel from Seller's Terminal to HECO's Facilities. Transport scheduling shall be flexible to assure that HECO's operational requirements are met and that the Biodiesel sold and delivered by Seller is delivered at a reasonably uniform rate. Seller is responsible for proper discharging of tanker trucks, which includes connection of all fuel discharging arms, fittings and hoses.

Section 6.10. Truck Delivery Notification. Seller shall provide delivery services from [REDACTED], excluding federal and State holidays ("Normal Working Hours"), except in the case of emergency, when Seller shall make all reasonable efforts to comply with HECO's request for delivery outside of Normal Working Hours. Biodiesel may be delivered to HECO's facilities other than during said Normal Working Hours subject to HECO's express consent. Seller hereby agrees to pay reasonable charges for labor (not to exceed HECO's actual maximum labor charges), whether for staffing or other purposes, when incurred as a result of Biodiesel delivery and other Biodiesel handling operations performed outside of Normal Working Hours, unless such delivery was at HECO's request. Said labor charges shall include without limitation applicable straight time, overtime, double time and other shift differentials, and applicable non-labor expenses, including but not limited vacation pay, general and administrative expenses, employee benefits, and payroll taxes related to said labor charges.

HECO shall forecast its aggregate weekly truck delivery requirement ("Truck Delivery Forecast") for each Monday through Friday period normal working hours on or before the last business day preceding the week of truck delivery by email, fax or telephone notification to Seller. Seller and HECO shall schedule individual deliveries during the week of delivery by mutual agreement, based on a whole number of standard truck deliveries (each of [REDACTED] gallons or as otherwise mutually agreed), on anticipated dispatch of HECO's Facility and on HECO's Biodiesel handling and storage capability. However, nothing herein shall obligate Seller to deliver Biodiesel to HECO if, in Seller's reasonable opinion, an unsafe condition exists, due to weather conditions or some other safety-related cause not under Seller's direct control. Seller shall reasonably accommodate HECO's need to change its Truck Delivery Forecast. HECO shall communicate any such change to the Truck Delivery Forecast as soon as reasonably known to HECO. Upon receipt of such advice, Seller and HECO will work together to modify the Truck Delivery Schedule so as to minimize the impact on both Seller and HECO.

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Section 6.11: Truck Delivery Determination of Quality The quality and BTU content of the Biodiesel delivered by Seller's nominated truck to HECO shall be determined on the basis of a volumetric weighted average composite of samples drawn from Seller's tank(s) issuing Biodiesel to the truck loading system at Seller's Facility in such a manner as to be representative of the Biodiesel contained in said issuing tank since the time of that tank's most recent receipt of Biodiesel ("Batch"). The sample of any such Batch shall be deemed to similarly represent the quality of Biodiesel delivered by Seller's nominated truck loaded from said Batch ("Batch Tank Final Sample").

The Batch Tank Final Sample shall be divided into a minimum of three (3) parts as follows:

- (1) One part shall be provided to Seller's Facility laboratory for analysis to determine BTU content per gallon and quality determination.
- (2) One part shall be provided to HECO's designated laboratory for analysis for the purpose of verifying Seller's BTU content and quality determinations.
- (3) At least one part shall be sealed and retained by the Independent Inspector for a period of not less than 45 days.

Seller agrees to provide HECO and the Independent Inspector with a copy of Seller's Certificate of Quality representing the Batch Tank Final Sample and will provide such quality documentation to HECO no later than one (1) business day prior to the first truck delivery of Biodiesel loaded from said Batch. It is expressly understood and agreed that HECO shall have no obligation to accept any Biodiesel for which Seller has not provided the Certificate of Quality required by this Section 6.11.

If Seller's tank(s) issuing Biodiesel to the truck loading system at Seller's Facility receive additional Biodiesel or any other material, the loading of trucks for the delivery of Biodiesel by Seller to HECO must stop immediately as a new, different Batch of Biodiesel will be deemed to have been produced by Seller. In such case, this new Batch shall be sampled, such samples analyzed and quality documented and reported as provided herein before Biodiesel from said new Batch shall be loaded in a truck for delivery by Seller to HECO.

Section 6.12: Truck Delivery Measurement of Quantity The volume of Biodiesel sold and delivered by truck to HECO's Facility under this Contract shall be determined at the time of the discharging of each such truck by HECO's automated discharge rack control system at HECO's Facility which shall employ calibrated meters, corrected in each instance to volume in U.S. gallons @ [REDACTED] in accordance with the current measurement standards adopted by industry, ASTM, API and other recognized standard-setting bodies as are applicable.

HECO shall perform normal maintenance procedures to maintain the accuracy of the meters used to measure the quantity of Biodiesel discharged from trucks for delivery to HECO. HECO, also at its own expense, shall test for accuracy and calibrate the meters on a semi-annual

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basis or as required and agreed by the Parties. HECO shall provide Seller with a written schedule of calibration test times and Seller shall have the right to have its representative present to observe each calibration test.

If Seller or HECO has reason to believe that the quantity of Biodiesel for a particular delivery is inaccurate by an amount in excess of [REDACTED], the party shall within 30 days of the date of delivery, present the other party with documentation supporting such determination and the parties will confer, in good faith, on the causes for the discrepancy and shall proceed to correct such causes and adjust the quantity, if necessary, for the truck delivery in question. If the period of time for which the material inaccuracy cannot be definitely known and is not mutually agreed upon, the correction shall be prorated on a [REDACTED] basis over the time elapsed between the last prior calibration test and the date the inaccuracy is corrected. Any invoice previously issued by the Seller on the basis of an inaccurate volume determination shall be promptly adjusted by Seller.

Section 6.13: Truck Delivery Disputes of Quality. The determination of quality for purposes of this Contract shall be based on Seller's laboratory results of the Batch Tank Final Sample. HECO shall have the right to verify the results of Seller's laboratory analyses. If HECO has reason to believe that the quality of Biodiesel stated in a particular Certificate of Quality is incorrect, such as but not limited to cases where the arithmetic difference between HECO's and Seller's laboratory determinations is greater than the then existing reproducibility standard for the appropriate test method specified in Article IV herein, that party shall within 40 days after the issuance date of the complete Certificate of Quality, present the other party with documents supposing such dispute and the parties will confer, in good faith, on the causes for the discrepancy and shall proceed to correct such causes and adjust the quality, if justified, for the pipeline delivery in question. In the event of an unresolvable difference between Seller and HECO, the sealed part of the Batch Tank Final Sample in the possession of the Independent Inspector shall be provided to an independent testing laboratory for an official determination, which shall be final and binding upon both parties. Seller and HECO shall share equally the costs of such independent tests and determinations.

If the quality of the Biodiesel received by HECO from Seller fails to conform to specifications in Article IV of this Contract, both Seller and HECO shall minimize, if possible, the impact of any quality problem on HECO. At HECO's sole discretion, such efforts may include Specification waiver. Such efforts may also include Seller delivering higher quality Biodiesel in a timely manner to produce a specification quality blend in HECO's receiving and storage tank(s) containing the non-conforming Biodiesel. If all such, and similar, efforts fail to resolve the quality problem, then HECO may return non-conforming Biodiesel and any other Biodiesel downgraded by commingling with the non-conforming Biodiesel to Seller, in which case Seller shall replace the non-conforming and other downgraded Biodiesel in a timely manner with Biodiesel meeting the required quality specifications. HECO may, at its option, seek other supplies of Biodiesel if in HECO's reasonable discretion, in the event the delivery of non-conforming Biodiesel may not be remedied in time to prevent a possible interruption of HECO's operations. All costs of remedying the delivery of non-conforming Biodiesel, or arising from non-conforming Biodiesel, including the emptying and cleaning of storage tanks containing non-conforming Biodiesel or HECO's Biodiesel downgraded by commingling with the non-conforming Biodiesel if reasonably necessary, shall be paid by Seller. Any remedy of non-

conforming Biodiesel accepted by HECO under this Section 6.13 shall not operate or be construed to remedy any similar non-conforming Biodiesel or to change the specifications of Biodiesel acceptable to HECO under the terms of this Contract.

C. General

Section 6.14 Records/Right To Audit Seller shall retain any and all documents and records regarding the delivery, quantity and quality of Biodiesel sold and purchased under the terms of this Contract for the 12 months after the date of the invoice for such Biodiesel, or until any dispute regarding such delivery, quantity and quality is resolved. Seller shall make such records available for review to HECO during Normal Working Hours and after reasonable notice to Seller. Biodiesel records maintained by Seller shall include but not be limited to daily reconciliations of Biodiesel quantities as measured in the issuing tank(s) and as metered at the truck loading system at Seller's facilities.

Section 6.15 Inspection HECO may be represented and participate in all sampling, quality inspection, measurements and tests of Biodiesel which may be conducted pursuant to this Contract, or otherwise, and to inspect any equipment owned or controlled by Seller and used in determining the quantity, quality or heat content of Biodiesel. HECO may inspect and audit any sample analysis of Biodiesel, including records and data used in the preparation of such analysis.

Section 6.16 HECO's Facility Storage. HECO shall have fuel tanks capable of storing a minimum of four million (4,000,000) gallons of Biodiesel at the Site.

ARTICLE VII. SELLER'S REPRESENTATIONS AND WARRANTIES

Section 7.1 Seller's Representations and Warranties. HECO is willing to purchase the Biodiesel on the condition that Seller agrees, represents and warrants as follows:

(a) Ability to Supply. On and after the Commencement Date, Seller shall maintain the capability to produce, or maintain an enforceable agreement with a Biodiesel producer to supply Biodiesel sufficient to meet Seller's obligations under this Contract.

(b) Ability to Deliver.

(i) On and after the Commencement Date, Seller shall own, lease or have the right to use sufficient Tank Trucks to meet Seller's delivery obligations under this Contract on a 24 hour-a-day, 365-day-a-year basis; (2) all such fuel tanker trucks and tank trailers used for deliveries shall be roadworthy, in good operating condition, and shall meet best industry, U.S. Department of Transportation and State of Hawaii Department of Transportation, as the case may be ("DOT"), and PUC safety standards, including road and off-road fuel spill and accident emergency response plans; (3) Seller warrants that it has access to adequate and sufficient substitute fuel tanker trucks, trailers, and associated equipment, such that delivery service will

not be interrupted by removal from service of the primary delivery vehicle(s); (4) Seller warrants that its fuel tanker trucks and tank trailers are equipped with quick disconnect Kamlock hose fittings and high flow nozzles for the discharge of Biodiesel at HECO's Facility; (5) Seller will make every effort to maintain its tankers, tractors, and drivers engaged in the delivery of Biodiesel to HECO in a neat, clean and presentable fashion; (6) Seller shall ensure that all drivers of such vehicles shall be equipped with and properly utilize Nomex fire retardant coveralls, hardhat, safety glasses, and gloves; (7) Seller agrees further that all drivers shall be equipped with a functional cellular phone (Note: Cellular phones shall not be used during loading and discharge operations); and (8) Seller shall ensure that all tanker trucks and tank trailers shall be equipped with the appropriate oil spill containment equipment, including but not limited to, spill sorbents and spill containment booms.

(ii) HECO reserves the right to periodically inspect and review the tanker trucks, tank trailers, related equipment, and driver records, inspect and review all operations related to the delivery of Biodiesel to HECO under this Contract, and review quantities loaded and discharged. Said inspection and review does not substitute for or diminish Seller's own responsibility and liability for compliance with all applicable laws and regulations.

(iii) All of Seller's truck drivers are required to provide their true Social Security number and to pass a criminal background check. If HECO determines, in its sole discretion, that participation in the Contract by, or presence on HECO premises of, an employee or equipment of Seller is inconsistent with the best interests of HECO, Seller shall replace any employee or equipment immediately and replace with an employee or equipment that fully meets the standards under this Contract and at no additional cost to HECO.

(c) Quality. All Biodiesel delivered hereunder shall comply with the terms of this Contract.

Section 7.2 Environmental Sustainability.

A. Feedstock

Seller shall supply Biodiesel that complies with the requirements of the *Environmental Policy For The Hawaiian Electric Company's Procurement Of Biodiesel From Palm Oil And Locally Grown Feedstocks* (prepared by HECO and NRDC, dated August 2007) (the "HECO-NRDC Biodiesel Procurement Policy"), a copy of which is attached hereto as Attachment B. Upon mutual written agreement, the parties may adopt for this Contract any future amendments to or subsequent versions of the HECO-NRDC Biodiesel Procurement Policy.

B. Feedstock Procurement Compliance Auditing

Seller shall cooperate and comply with all auditing and verification efforts required by the HECO-NRDC Biodiesel Procurement Policy.

C. Local Feedstock Support

Seller will preferentially purchase Hawaii-grown feedstocks.

D. Chain of Custody Tracking

Seller must maintain a clear, documented and verifiable chain of custody for all feedstocks and comply with section 4 of the HECO-NRDC Biodiesel Procurement Policy.

E. Certification

Seller represents and warrants and will certify that all feedstock used to produce the Biodiesel delivered under this Contract complies with the HECO-NRDC Biodiesel Procurement Policy. Any certifications required under this Section 7.2 shall be made by an officer of Seller (acceptable to HECO in its reasonable discretion) for each delivery of Biodiesel to HECO. Such certifications shall be in form and substance acceptable to HECO in its reasonable discretion.

F. Modifications

The parties may, from time to time hereinafter, mutually agree in writing to utilize additional and/or other criteria, guidelines and/or other regulations with respect to which environmentally sustainable production methods and practices may be evaluated and/or certified for purposes of this Contract.

G. Remedy

In addition to any other remedies available under this Contract and at law and/or equity, Biodiesel not certified as required herein, or otherwise not meeting the certification standards warranted in such certification or by this Section 7.2, may be rejected by HECO in accordance with the terms and procedures set forth in Article VI.

Section 7.3 MERCHANTABILITY AND FITNESS WARRANTY. SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED IN FACT OR BY LAW, AS TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE CONCERNING THE BIODIESEL OTHER THAN THE BIODIESEL SHALL MEET THE WRITTEN SPECIFICATIONS CONTAINED IN THIS CONTRACT.

ARTICLE VIII.
INVOICING AND PAYMENT

Section 8.1 Invoicing. Invoices will be prepared and dated following delivery of Biodiesel to HECO and shall be sent by mail to HECO at the following address:

**Confidential Information Deleted
Pursuant To Protective Order, Filed on
November 21, 2008.**

CA-IR-501
DOCKET NO. 2008-0083
ATTACHMENT 1
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~~CONFIDENTIAL~~
Subject To Protective Order
To Be Viewed Only By The
Public Utilities Commission
Or The Consumer Advocate

Level Two
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Hawaiian Electric Company, Inc.
Waiau Power Plant
Fuels Division, Mail Stop WP-2/IF
Attention: J. C. Aicken, Director, Fuels Resources
475 Kamehameha Highway
Pearl City, Hawaii 96782

Invoices shall be accompanied by full documentation, acceptable to HECO, including quantity documentation and price calculation.

Section 8.2 Payment. Payment of Seller's invoices shall be made in U. S. Dollars. Timing of payments for sales and deliveries received shall be based upon net 30 days of the invoice issue date, which shall be the later of the invoice date or the postmarked mailing date of the invoice. Payments shall be made to the Seller by mail or wire as follows:

WIRE INFORMATION

Wachovia Bank
3442 Orange Ave NE
Roanoke, Virginia 24012



Further Credit to:

Imperium Renewables, Inc.



STREET ADDRESS

Imperium Renewables, Inc.
Attn: Accounts Receivable
1741 First Avenue South, 3rd Floor
Seattle, WA 98134

ARTICLE IX.
TITLE, CUSTODY AND RISK OF LOSS

Section 9.1 Title, Custody and Risk of Loss.

- (a) Delivery by Pipeline - Seller may deliver Biodiesel by pipeline from Seller's Facility into HECO's Facility. Care, custody, control, title and risk of loss of Biodiesel so delivered shall pass from Seller to HECO at the point where Biodiesel passes the first intake flange of HECO's Facility's pipeline from Seller's Pipeline interconnection with HECO's Facility's pipeline.

- (b) Delivery by Truck - Seller may deliver Biodiesel by truck. Care, custody, control, title and risk of loss of Biodiesel so delivered shall pass to HECO as the Biodiesel passes the intake flange of HECO's Facility.

ARTICLE X.
INSURANCE AND PERFORMANCE BOND

Section 10.1 Insurance Requirements. Seller and anyone acting under its direction or control or on its behalf shall at its own expense procure and maintain in full force and effect at all times during the term of this Contract the following insurance and all other forms of insurance that may be required by any applicable law, rule, ordinance or regulation of any governmental authority. Seller's insurers shall be licensed or authorized to do business in the State of Hawaii and maintain a minimum AM Best Rating of A-VII:

(a) Workers Compensation and Employers' Liability Insurance, Temporary Disability, and other similar insurance as required by law.

(b) Commercial General Liability Insurance insuring Seller and anyone acting under its direction or control or on its behalf and HECO against liability from bodily injury, including death, suffered by persons other than employees of Seller and liability from property damage, arising out of directly or indirectly the performance of this Contract. The Commercial General Liability insurance shall cover Products/Completed Operations and Contractual Liability assumed by Seller under this Contract. The Commercial General Liability insurance combined single limit shall not be less than FIVE MILLION DOLLARS (\$5,000,000) per occurrence. The General Liability policy must include the Mis-delivery of Liquid Products Coverage Endorsement, ISO form No. CG 22 66 11 85.

(c) Commercial Automobile Liability Insurance insuring Seller and anyone acting under its direction or control or on its behalf against liability from damages because of injuries, including death, suffered by persons other than employees of Seller and liability from damages to property, arising from and growing out of any operation of Seller (including operations of automobiles, trucks or other vehicles owned, non-owned and hired) in connection with the performance of this Contract. Commercial Automotive Liability insurance shall have a combined single limit of not less than FIVE MILLION DOLLARS (\$5,000,000) per accident, and shall include an endorsement, for "CC 00 31 12 89, Changes in Business Auto and Truckers Policies - Mobile Equipment, Contractual Liability and Pollution (Hawaii)," or its equivalent, to provide pollution liability coverage, as well as an MCS-90 Endorsement.

(d) Other Coverage. Seller and anyone acting under its direction or control or on its behalf shall at its own expense procure and maintain in full force and effect at all times during the term of this Contract on all owned, non-owned and hired vehicles used in conjunction with the delivery of Biodiesel to HECO, any other insurance or surety bonding that may be required under the laws, ordinances and regulations of any governmental authority, including the Federal Motor Carrier Act of 1980 and all rules and regulations of the DOT.

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Section 10.2 Waiver of Subrogation. Seller and anyone acting under its direction or control or on its behalf will cause its insurers (except for Workers Compensation insurance) to waive all rights of subrogation which Seller or its insurers may have against HECO or its agents, employees, directors, officers, affiliates, contractors, successors and assigns.

Section 10.3 HECO As Additional Insured. Insurance policies (except for Workers Compensation insurance) providing the insurance coverage required in this Contract will name HECO, HECO's agents or HECO's employees as an additional insured. Coverage must be primary in respect to the additional insured. Any other insurance carried by HECO will be excess only and not contribute with this insurance.

Section 10.4 Certificates of Insurance. Before performance of this Contract, Seller shall file with HECO's designated representative certificates of insurance, or other documentary evidence acceptable to HECO, certifying that each of the foregoing insurance coverages is in force, and further providing that HECO will be given thirty (30) days' written notice of any material change in, cancellation of, or intent not to renew any of the required policies. Seller shall provide new insurance certificates reflecting the required policies prior to the expiration date of any coverage. Receipt of any certificate showing less coverage than required is not a waiver of Seller's obligation to fulfill the coverage requirements.

Section 10.5 Performance Bond/Letter of Credit. A Performance Bond or an Irrevocable Standby Letter of Credit in the form reasonably acceptable to HECO shall be furnished by Supplier and deposited with HECO in the amount of [REDACTED] guaranteeing Supplier's full compliance with and performance under this Contract. HECO shall pay [REDACTED] of the cost of the Performance Bond for each calendar year the Performance Bond is required to be in effect in an amount not to exceed [REDACTED] subject to per gallon pro rata reimbursement based on purchases of Biodiesel. In exchange for contributing to the cost of the Performance Bond, HECO shall receive a credit of [REDACTED] per gallon for each gallon purchased in any calendar year up to a maximum annual credit equal to the amount paid by HECO for the Performance Bond in that calendar year. The Performance Bond or Irrevocable Standby Letter of Credit shall remain in effect from the Commencement Date until December 31, 2011. Said Bond is to be submitted no later than ninety (90) days prior to the Commencement Date.

ARTICLE XI.
FORCE MAJEURE

Section 11.1 Force Majeure. Neither party shall be liable in any manner for failure to deliver or to receive Biodiesel hereunder or any other failure to perform or delay in performing any obligations herein imposed in this Contract for the time and to the extent such failure or delay is caused by an event or act of force majeure, which shall be defined as an act of God, hurricane, flood, volcanic eruption, earthquake; war, rebellion, insurrection, riot, strike (even though the strike could be settled by acceding to the demands of a labor group), lockout, fire, explosion, equipment or mechanical failure resulting in the inability to operate Seller's Facility

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(or Seller's other facilities if supplying under a contingency plan) or HECO's CT-1 or HECO's Facility or destruction from any involuntary cause of Seller's Facility (or Seller's other facilities if supplying under a contingency plan) or of HECO's Facility; material damage or impairment or significant risk of material damage or impairment to HECO's CT-1 (and/or associated CT-1 unit equipment) caused by the use of Biodiesel; compliance, voluntary or involuntary, with a direction or request of any governmental authority or person purporting to act with government authority, including any such direction or request limiting HECO's recovery of all fuel costs incurred under this Contract, any other cause or causes (except financial unless explicitly provided herein) not within the reasonable control of the affected party. A party rendered unable to fulfill any obligation under this Contract due to an event or act of force majeure shall make all reasonable efforts to remove such inability in the shortest possible time.

The party claiming force majeure agrees to give the other party prompt written notice of an act or event of force majeure, specifying the anticipated effect and duration of any suspension or reduction of deliveries of Fuel arising therefrom. The party claiming force majeure shall use due diligence to cure any act or event of force majeure, and shall give the other party prompt notice when it expects the act or event of force majeure to terminate.

While deliveries are suspended or reduced by Seller pursuant to an event or act of force majeure, it shall not be a breach of this Contract for HECO to buy Biodiesel from a supplier other than Seller, in the event Seller notifies HECO that it is unable to supply HECO in accordance with Section 3.3 above, for the quantities of Biodiesel which Seller does not deliver; and HECO shall not be obligated to buy, after the period of suspension or reduction, the undelivered quantity of Biodiesel which normally would have been sold and delivered hereunder during the period of suspension or reduction.

Notwithstanding the occurrence of a Force Majeure, a Party shall not be relieved of its obligation to make payments due under this Agreement, except to the extent that the force majeure event interrupts or prevents access to or transmission of funds (i.e., interruption banking services, etc.).

Section 11.2 Option to Terminate. If sales and deliveries are suspended or reduced pursuant to an event or act of force majeure for more than thirty (30) days, HECO shall have the option while such suspension or reduction continues to terminate this Contract on written notice to Seller.

ARTICLE XII COMPLIANCE WITH LAWS AND REGULATIONS

Section 12.1 Compliance with Laws and Regulations. This Contract is subject to all present and future laws, statutes, orders, rules, and regulations of governmental or quasi-governmental authorities having jurisdiction over the parties. Seller shall fully comply with all statutes, ordinances, rules, regulations, and requirements of all city, county, state, federal and other applicable government authorities which are now or may hereafter be in force.

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Without limiting the generality of the foregoing, Seller warrants that with respect to: (a) all owned, non-owned and hired Tank Trucks; any cargo tank utilized in the performance of this Contract shall be a proper container, labeled appropriately, for the Biodiesel loaded therein; (b) all Tank Truck operators, whether Seller's employees or contractors, shall possess a valid current Class A commercial driver's license with the Tank Vehicles, Hazardous Materials and Doubles/Triple Trailers endorsements with no restrictions or the most current and applicable license and endorsements required for performance under this Contract; (c) all Biodiesel delivered to HECO under this Contract shall be transported over routes on which Seller is properly authorized and certificated to travel; and (d) each vehicle operator is alert, rested, in full compliance with Seller's Driver Qualification, Drug and Alcohol Policy, and is properly trained and capable of responding to accidents and oil spills.

Section 12.2 Spills/Environmental Pollution. In the event any spill or discharge occurs from any vehicle, tank or Seller pipeline utilized in the performance of this Contract, or if any spill, discharge, or pollution damage is caused by or is threatened in connection with the loading, transportation or delivery of Biodiesel, then all regulatory notifications and filings, as well as all efforts and costs of containment and clean up shall be the sole responsibility of Seller, except to the extent that such spill, discharge, or pollution damage is directly attributable to the sole negligence, gross negligence, comparative negligence, or willful misconduct of HECO in which case HECO shall then participate in the efforts and costs of containment and cleanup.

Section 12.3 Operational Contacts: In the event of any accident, spill, or reportable incident incurred under the performance of this Contract, the following individuals shall be immediately contacted:

HECO:

J. C. Aicken, Director, Fuels Resources

Phone: 808-543- [REDACTED]

Backup: Ron Cox, Manager, Power Supply Services

Phone: 808-543- [REDACTED]

Seller:

David H. Leonard

Cellular: 808-341-8715

Graham Noyes

Cellular: 206-856-8784

Adrienne Barnes

Cellular: 808-782-9052

Charles Kolesar

Cellular: 206-853-4107

Section 12.4 Permits and Licenses. Seller shall secure and pay for all required permits and licenses, and shall comply with all federal, state and local statutes, regulations and public ordinances applicable to this Contract, (including the provisions of the Occupational Safety and Health Act of 1970 and all amendments thereto, and the DOT Hazardous Materials Regulations),

and shall indemnify, defend and save HECO harmless from any and all liability, fines, damage, cost and expense, including but not limited to reasonable attorneys' fees and costs, arising from Seller's failure to do so.

ARTICLE XIII.
INDEMNITY

Section 13.1 Indemnity.

(a) Seller hereby agrees to indemnify, defend and hold harmless HECO, its directors, officers, employees, agents (including but not limited to affiliates and contractors and their employees), successors and assigns from and against all liabilities, losses, penalties, fines, claims, demands, judgments and actions, and all expenses incidental to the same, including but not limited to reasonable attorneys' fees and costs, based upon or arising out of damage to property or injuries to persons (including death) or violations of law to the extent arising from or caused by (a) Seller's failure to comply with or perform its obligations under this Contract; (b) the negligence, gross negligence, willful misconduct or other tortuous acts or omissions of Seller or anyone (except HECO) acting under its direction or control or in its behalf in the course of its performance under this Contract; provided that Seller's aforesaid indemnity and hold harmless obligation shall not be applicable to any liability based upon the negligence, gross negligence or willful misconduct of HECO.

(b) HECO hereby agrees to indemnify, defend and hold harmless Seller, its directors, officers, employees, agents (including but not limited to affiliates and contractors and their employees), successors and assigns from and against all liabilities, losses, penalties, fines, claims, demands, judgments and actions, and all expenses incidental to the same, including but not limited to reasonable attorneys' fees and costs, based upon or arising out of damage to property or injuries to persons (including death) or violations of law to the extent arising from or caused by (a) HECO's failure to comply with or perform its obligations under this Contract; (b) the negligence, gross negligence, willful misconduct or other tortuous acts or omissions of HECO or anyone (except Seller) acting under its direction or control or in its behalf in the course of its performance under this Contract; provided that HECO's aforesaid indemnity and hold harmless obligation shall not be applicable to any liability based upon the negligence, gross negligence or willful misconduct of Seller.

ARTICLE XIV.
DEFAULT AND TERMINATION

Section 14.1 Default. Breach by Seller of any of its representations and warranties in this Contract or failure of either party to promptly perform any obligation under this Contract shall constitute default. If HECO or Seller considers the other party (the "Defaulting Party") to be in default under this Contract, such party (the "Non-Defaulting Party") shall give the Defaulting Party prompt notice thereof, describing the particulars of such default. The Defaulting Party shall thereafter have thirty (30) days from the receipt of said notice in which to remedy such default. If the default is not cured, the Non-Defaulting Party may, without prejudice

to any other right or remedy of such party in respect of such default, immediately terminate its obligations under this Contract by written notice to the Defaulting Party. Any termination shall be without prejudice to accrued rights, including without limitation the right of either party to damages arising from such breach or prior breaches hereof. All rights and remedies hereunder are independent of each other and election of one remedy shall not exclude another.

Notwithstanding the foregoing, if Seller's default is not delivering Biodiesel as required by this Contract, Seller's time to cure shall be five (5) days from HECO's notice of default. Without limiting any other right or remedy, if Seller does not cure the default in such time by delivering compliant Biodiesel to HECO and Seller fails to provide alternative arrangements reasonably approved by Buyer, HECO may immediately acquire substitute Biofuel from another supplier ("Cover Supplies"), and, except as otherwise provided in this Contract, Seller shall be liable to HECO for the difference in cost between the fuel acquired from the other supplier and the price HECO would have paid Seller under this contract for the same amount of fuel delivered at the same time as the replacement fuel, plus all reasonable costs and expenses incurred by HECO in obtaining such cover ("Cover Costs").

Without limiting the foregoing, the parties agree that Seller shall be in default and HECO may seek Cover Supplies if, by September 30, 2008: (a) Seller has not substantially completed the fuel storage and distribution assets on-site at Seller's Facility; (b) HECO has not consented in writing to a contingency supply and distribution plan proposed by Seller for supply of Biodiesel from Seller's affiliated company's Grays Harbor Biodiesel Facility or other alternate sources and facilities; and (c) HECO does not reasonably anticipate seeking a deferral of the Commencement Date.

Section 14.2 Filing Requirements; HECO's Energy Cost Adjustment Clause. This Contract is required to be filed with the Hawaii Public Utilities Commission ("PUC") for approval. If in the proceedings initiated as a result of the filing of this Contract, the PUC disapproves or fails to authorize the full recovery of the fuel costs incurred under this Contract through HECO's "Energy Cost Adjustment Clause," HECO may terminate this Contract by giving sixty (60) days written notice to Seller.

ARTICLE XV. NOTICE

Section 15.1 Notices. Except as otherwise expressly provided in this Contract, all notices shall be given in writing, by facsimile, telex or first class mail, postage prepaid, to the following addresses, or such other address as the parties may designate by notice:

IMPERIUM RENEWABLES, INC.
1741 First Avenue South, 3rd Floor
Seattle, WA 98134
Attn: Legal Department
Facsimile: 206.254.0204

With a copy to:

IMPERIUM RENEWABLES HAWAII LLC
P.O. Box 3767
Honolulu, Hawaii 96812-3767
Attn: Chief Operating Officer
Facsimile: 808.356.0697

HAWAIIAN ELECTRIC COMPANY, INC.
Waiau Power Plant
Fuels Division, Mail Stop WP-2/IF
Attention: J. C. Aicken, Director, Fuels Resources
475 Kamehameha Highway
Pearl City, Hawaii 96782

Notice shall be deemed to have been delivered upon the earlier to occur of actual receipt or two days after sending.

ARTICLE XVI. GENERAL PROVISIONS

Section 16.1 Waiver and Severability. If any section or provision of this Contract or any exhibit or rider hereto is held by any court or other competent authority or be illegal, unenforceable or invalid, the remaining terms, provisions, rights and obligations of this Contract shall not be affected. The failure of a party hereunder to assert a right or enforce an obligation of the other party shall not be deemed a waiver of such right or obligation. In no event shall any waiver by either party of any default under this Contract operate as a waiver of any further default.

Section 16.2 Assignment. This Contract shall extend to and be binding upon the respective successors and assigns of HECO and Seller. This Contract shall not be assigned by either party without the express prior written consent of the other party. Such consent shall not be unreasonably withheld or delayed.

Section 16.3 Applicable Law. This Contract shall be construed in accordance with, and all disputes arising hereunder shall be determined in accordance with, the local law of the State of Hawaii, U.S.A., without regarding to choice of law principles.

Section 16.4 Entire Agreement/Modification. This Contract shall constitute the entire understanding between the parties with respect to all matters and things herein mentioned. It is expressly acknowledged and agreed by and between the parties that neither party is now relying upon any collateral, prior or contemporaneous agreement, assurance, representation or warranty, written or oral, pertaining to the subject matter contained herein. This Contract shall not be modified or changed except by written instrument executed by the duly authorized representatives of the parties hereto.

Section 16.5 Attorneys' Fees. If there is a dispute between the parties and either party institutes a lawsuit, arbitration, mediation, or other proceeding to enforce, declare, or interpret the terms of this Contract, the prevailing party shall be awarded its reasonable attorneys fees and costs.

Section 16.6 Confidentiality. Each Party will hold in confidence and, without the consent of the other Party, will not use, reproduce, distribute, transmit, or disclose, directly or indirectly, the Confidential Information of the other Party. The recipient of Confidential Information may only disclose the Confidential Information to its, officers, directors, employees, and independent contractors with a need to know the information for the implementation or exercise of rights under of this Agreement, provided that such persons/entities are bound by written confidentiality agreements with terms and conditions that are no less restrictive than those contained in this Section. Without limiting the foregoing, the recipient of the Confidential Information agrees that it will exercise at least the same standard of care in protecting the confidentiality of the other Party's Confidential Information as it does with its own Confidential Information of a similar nature, but in any event, no less than reasonable care. This Section shall survive termination of this Agreement. Confidential Information for purposes of this section shall mean the specific terms and conditions of this Contract (but not the existence of this Contract) as well as any information that is conspicuously marked as proprietary or confidential.

Confidential Information shall not include information if and only to the extent that the recipient establishes that the information: (i) is or becomes a part of the public domain through no act or omission of the recipient; (ii) was in the recipient's lawful possession prior to the disclosure and had not been obtained by the recipient either directly or indirectly from the disclosing Party; (iii) is lawfully disclosed to the recipient by a third party without restriction on disclosure; or (iv) is disclosed by the recipient pursuant to a requirement of a governmental agency, regulatory body or by operation of law, provided that the recipient shall disclose only that part of the Confidential Information which it is required to disclose and shall notify the owner prior to such disclosure in a timely fashion in order to permit the owner to attempt to prevent or restrict such disclosure should it so elect.

Section 16.7 Contract Is Not an Asset. This Contract shall not be deemed to be an asset of either party, and, at the option of a party, shall terminate in the event of any voluntary or involuntary receivership, bankruptcy or insolvency proceedings affecting the other party.

Section 16.8 Consequential Damages. In no event shall either party be liable to the other for any prospective profits, or special, indirect, or consequential damages of any kind, whether based in contract, tort (including negligence or strict liability), warranty or otherwise.

Section 16.9 Status of the Parties. Nothing in this Contract shall be construed to constitute either party as a joint venturer, co-venturer, joint lessor, joint operator or partner of the other. In performing services pursuant to this Contract, Seller is acting solely as an independent contractor maintaining complete control over its employees and operations. Unless otherwise provided in this Contract, neither HECO nor Seller is authorized to take any action in any way

whatsoever for or on behalf of the other.

Section 16.10 Headings. The headings or captions are for convenient reference only and have no force or effect or legal meaning in the construction or enforcement of this Contract.

Section 16.11 Counterparts. This Contract may be executed in as many counterparts as desired by the parties, any one of which shall have the force and effect of an original but all of which together shall constitute the same instrument. Counterparts may be exchanged by facsimile (followed by delivery of the executed original) and upon such mutual exchange this Agreement shall be deemed a fully executed agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the day and year first above written.

HAWAIIAN ELECTRIC COMPANY, INC.

By

Its

By

Its

IMPERIUM SERVICES, LLC.

By

Its

By

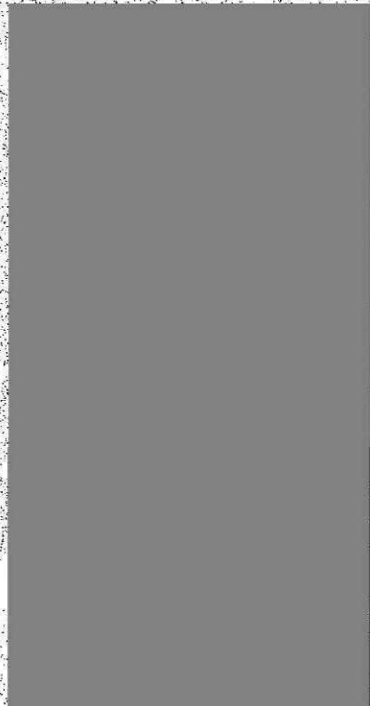


Its






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ORDER NO. 24145

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Attachment A

Biodiesel Specification

PROPERTY	TEST METHOD	LIMIT	UNIT
			ppm ($\mu\text{g/g}$)
			$^{\circ}\text{C}$
			% volume
			$^{\circ}\text{C}$
			% volume
			mm ² /s
			% mass
			% mass (ppm)
			$^{\circ}\text{C}$
			% mass
			mg KOH/g
			% mass
			% mass
			% mass
			$^{\circ}\text{C}$
			ppm ($\mu\text{g/g}$)
			Hours

1 
2 
3 
4 
5 

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Pages 33 to 48 contain confidential information and are provided subject to
the Protective Order filed on November 21, 2008 in this proceeding.

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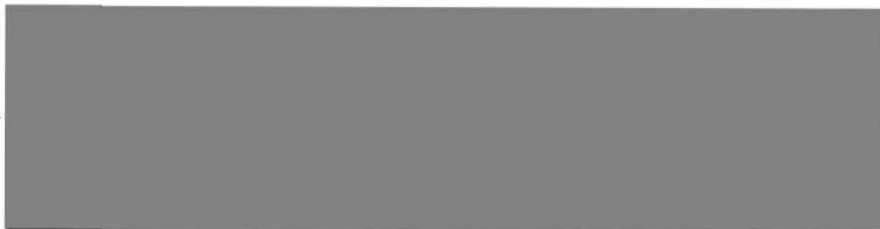
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AMENDMENT NO. 1
TO BIODIESEL SUPPLY CONTRACT
BETWEEN HAWAIIAN ELECTRIC COMPANY, INC. AND IMPERIUM SERVICES, LLC
AND ASSIGNMENT TO IMPERIUM GRAYS HARBOR, LLC

This Amendment and Assignment is effective as of January 30, 2009.

HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), IMPERIUM SERVICES, LLC ("Original Seller") and IMPERIUM GRAYS HARBOR, LLC, a Washington limited liability company ("Seller") hereby agree that the *Biodiesel Supply Contract* between HECO and Original Seller, dated, August 13, 2007 ("Contract"), is hereby amended as follows:

1. All abbreviated and initial letter capitalized terms herein shall have the same meaning as ascribed in the Contract.
2. Effective as of January 30, 2009, the Original Seller assigns and transfers over to Seller, an affiliate of Original Seller, all of its rights, title, interests, benefits, duties and obligations under and to the Contract, as amended, now existing or hereafter arising, and Seller accepts and assumes the same. As of January 30, 2009, HECO consents to such assignment and transfer from Original Seller to Seller for all purposes of the Contract, as amended. All references to "Seller" in the Contract shall now mean Imperium Grays Harbor, LLC.
3. The following definitions shall be applicable in the Contract:



"Seller's Grays Harbor Facility" shall mean Seller's existing biodiesel production facility located in Grays Harbor, Washington.

4. Section 5.1 of the Contract is amended as follows:

Section 5.1 Pricing. The price per gallon of Biodiesel sold to HECO under this Contract shall be determined by application of the following formulas. The Section 5.1(a)

Formula shall apply to Biodiesel produced

The Section 5.1(b)

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[REDACTED] The Section
5.1(c) Hawaii Local Feedstock Pricing Formula shall apply to Biodiesel
produced from feedstock sustainably grown and produced into Biodiesel
in Hawaii in accordance with Section 7.2 of this Contract ("Hawaii Local
Sustainable Feedstock"). The Section 5.1(d) [REDACTED]
[REDACTED] Formula shall apply to feedstock sourced from [REDACTED]
[REDACTED] The Section 5.1(e) [REDACTED]
[REDACTED] Formula shall apply to Biodiesel
feedstock sourced from [REDACTED]
[REDACTED]

5. In section 5.1 of the Contract, the following shall replace section (d):

(d) [REDACTED] **FORMULA:** The price per
gallon of Biodiesel produced from [REDACTED] shall be determined
by application of the following formula:

PB = [REDACTED]

PB = [REDACTED]
[REDACTED]

R = [REDACTED]
[REDACTED]

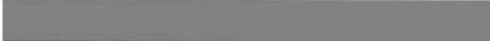
[REDACTED]

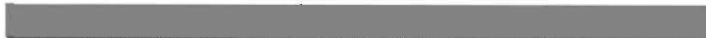
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RF = 



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[REDACTED]

[REDACTED]

X = [REDACTED]

Y = [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PC = [REDACTED]

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BF =

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

BC =

[REDACTED]

SP =

[REDACTED]

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[REDACTED]

T = [REDACTED]

6. In section 5.1 of the Contract, the following shall replace section (e):

(e) [REDACTED] FORMULA: [REDACTED]

PB = [REDACTED]

PB = [REDACTED]

[REDACTED]

RF = [REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

X = [REDACTED]

Y = [REDACTED]

SR = [REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PC =

[REDACTED]

BF =

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

BC = [REDACTED]

T = [REDACTED]

7. In Section 5.1 of the Contract, the following shall replace section (f):

Ancillary Documentation Requirements. Documentation to support the pricing formulas in sections 5.1(d) and 5.1(e) shall include the following:

[REDACTED]

[REDACTED]

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8. Sections 5(d), 5(e), 5(f), 5(g), and 5(h) shall be renumbered to 5(f), 5(g), 5(h), 5(i), 5(j) and 5(k), such that current section 5(d) is renumbered to section 5(g), current section 5(e) is renumbered to section 5(h), current section 5(f) is renumbered to section 5(i), current section 5(g) is renumbered to section 5(j) and current section 5(h) is renumbered to section 5(k).
9. The following shall be added to Article VI of the Contract (Delivery):

**D. Delivery of Biodiesel Produced at Seller's Grays Harbor
Facility to Oahu, Hawaii**

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6.17 Marine Delivery Shipment. At Seller's option, Seller may deliver ex-ship, Biodiesel in bulk, to HECO at an Oahu harbor designated by HECO ("Marine Delivery"), to be received into a HECO-designated third party pipeline(s) to third party receiving facilities ("Third Party Receiving Facilities").

The gross volume of Biodiesel per individual Marine Delivery shipment shall be limited to a minimum of [REDACTED] and a maximum of [REDACTED]. HECO may receive a gross quantity lower than said minimum and in excess of said maximum as may be mutually agreed. Biodiesel will be delivered by Seller to HECO at a minimum temperature of [REDACTED] above the pour point of the Biodiesel (pour point quality may be taken from a port of loading vessel loaded composite sample determination), subject to temperature determination and sampling performed by an Independent Inspector of a composite sample taken from Seller's vessel tanks upon arrival at the Oahu harbor (pour point determination based upon such sample by HECO's laboratory to verify the port of loading pour point determination), said temperature measured at near to the point of title transfer as may be practicable. The delivery rate of Biodiesel into the Third Party Receiving Facilities shall be [REDACTED] minimum.

6.18 Coordination. Marine deliveries shall be made by Seller from Seller's vessel through and to the Third Party Receiving Facilities. The parties shall mutually coordinate the delivery of Biodiesel. Transport scheduling shall be flexible in an attempt to meet HECO's operational requirements.

Prior to the 15th day of each month, Seller shall give HECO a forecast of the approximate volume and expected date of the commencement of Biodiesel shipment discharge operations of each individual Biodiesel Marine Delivery for the subsequent three (3) months at an Oahu harbor designated by HECO as its intended port of delivery.

Seller shall provide HECO a specific (3) day delivery window upon no less than twelve (12) days notice prior to the first day of the proposed shipment period ("12-Day Notice"). HECO may reject the proposed delivery window upon providing Seller notice, no later than two (2) business days from the receipt of Seller's 12-Day Notice, supply an alternate one (1) day delivery window, provided that the (1) day period is within three (3) days of the date of Seller's first proposed three (3) day delivery window. Notices may be given by electronic mail, facsimile or telephone.

Notwithstanding the estimated duration of delivery operations, the estimated date and time of the commencement of delivery operations shall be narrowed to 12 hours by mutual consent of HECO and Seller no later than two (2) days prior to the estimated delivery operations commencement time and date. Seller shall be responsible to reserve the pier, on the agreed upon dates, through the customary channel in the State of Hawaii Department of Transportation - Harbor's Division. If Seller is unable to reserve the pier during the specified delivery dates, then

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HECO shall not be responsible for demurrage until Seller reserves the pier in the next available delivery window.

Seller's vessel shall comply with all applicable federal, state and local laws, rules and regulations, the vessel acceptance standards as may be applicable to unmanned petroleum tank barges and shall be fit in every way to carry and deliver Biodiesel. HECO shall provide Seller with the Third Party Receiving Facility's operations manual, vessel acceptance standards and any other applicable safety and operations procedures and vessel acceptance standards, and any amendments thereto, during the term of this Contract. While at the Biodiesel discharge pier, Seller's nominated vessel shall operate in compliance with the Third Party Receiving Facility's operations manual as approved by the U.S. Coast Guard. In addition, any state or federal manning requirements shall be provided by Seller to attend Seller's nominated vessel during a Marine Delivery operation. Seller's nominated vessel shall vacate the Biodiesel discharge pier as soon as discharging is completed.

Dues and other charges on Seller's nominated vessel (whether or not such dues or charges are based on the quantity of Biodiesel delivered or on the freight and without regard from whom such dues or charges are withheld) shall be paid by Seller. Any taxes on freight shall be borne by Seller. Seller shall be responsible for any State fee imposed for use of the vessel discharge pier in the nature of wharfage or pipeline toll. Seller shall employ and also be responsible for costs of any support vessels, pilots, mooring masters, or line handlers supplied by HECO, its agent, the Third Party Receiving Facility or otherwise required at the discharging pier, all of which shall become borrowed servants of Seller.

Neither HECO, nor any of its associated or affiliated companies, nor any of the employees, servants, representatives and agents of any of the foregoing, shall be responsible for any losses, damages, delays or liabilities resulting from any negligence, incompetence or incapacity of any pilot, line handler, or mooring master required at the discharging pier.

6.19 Laytime/Demurrage. At the discharging pier, laytime shall commence six hours after Notice of Readiness is tendered or three hours after Seller's nominated vessel is all secure at pier, whichever shall first occur. Allowable laytime shall be [REDACTED] basis a maximum cargo volume of [REDACTED] and allowable laytime shall be prorated and Seller's allowable laytime shall be calculated on the basis of the ratio of the bill of lading volume of Seller's cargo to [REDACTED]. Laytime shall cease when Seller's vessel's cargo discharge hoses are disconnected.

Demurrage shall be payable at a rate equal to Seller's actual cost per hour for each hour used and prorated for each portion of an hour used in excess of allowable laytime. In the event the condition of Seller's vessel renders it incapable of discharging cargo at the minimum delivery rate, such that the time spent

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discharging Seller's vessel is in excess [REDACTED] HECO shall have the right to suspend discharging operations and order Seller's vessel to vacate the discharging pier. HECO shall not be liable for demurrage to the extent that allowed laytime is exceeded due to the condition of Seller's vessel or discharge equipment, or is due to events or acts beyond HECO's reasonable control.

6.20 Determination of Quality. All samples, measurements and determinations referenced in this Section shall be drawn, taken and made, respectively, under the supervision of the Independent Inspector. Seller and HECO shall share equally the cost of independent inspections.

In order to reduce the likelihood of Seller's Marine Delivery resulting in quality problems arising in the receiving tank(s) at the Third Party Receiving Facilities, Seller agrees to:

A. Permit the Independent Inspector to inspect the receiving cargo tanks of Seller's vessel immediately prior to the commencement of the loading of the Marine Delivery cargo to ensure that they contain no more than reasonable minimum retains of the previous cargo and shall draw composite samples of any retain ("Vessel O.B.Q. Samples"), if such retain is accessible to standard sampling equipment. The Vessel O.B.Q. Samples shall be sealed and held by the Independent Inspector for a period of not less than three (3) Months. And,

B. Test a volumetric weighted average composite of samples of the relevant marine cargo of Biodiesel ("Precautionary Sample"). The Precautionary Sample shall be drawn under the supervision of the Independent Inspector from Seller's vessel's tanks at the completion of loading in such a manner as to be representative of the relevant cargo after the arrival of the vessel at the designated Oahu Harbor, but prior to commencement of the Marine Delivery. This sample should be divided into three (3) parts, one of which is to be tested by Seller, one to be sent via air freight to HECO and one part retained by the Independent Inspector.

The Precautionary Sample shall be divided into a minimum of three (3) parts as follows:

1. One part shall be provided to Seller's laboratory for analysis to determine quality;
2. One part shall be provided to HECO for the purpose of verifying Seller's determinations;
3. At least one part shall be sealed and provided to the Independent Inspector to be retained for a period of not less than 45 days.

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Seller agrees to provide HECO and the Independent Inspector with the results of its determinations representing the quality of the Precautionary Sample no later than seventy two (72) hours after the completion of the loading of Seller's vessel. Should Seller's laboratory be unable to determine the Biodiesel to be delivered by Marine Delivery is in conformance with the Specification within such a period, Seller shall have an additional 45 days to re-test and re-deliver conforming Biodiesel to HECO (by reprocessing or otherwise). Any nonconforming Marine Delivery shall not be offloaded from Seller's relevant ship(s) into HECO's designated Third Party Receiving Facilities receiving tank. HECO shall not have a obligation to store any nonconforming Marine Delivery on Seller's behalf.

Seller agrees that should its laboratory testing of the Precautionary Sample indicate a potential quality problem, including but not limited to, a quality as determined that does not conform to the Specification, the vessel operator shall not be instructed to commence delivery of its cargo to the Third Party Receiving Facilities until such time as the loaded Biodiesel is determined to conform with the Specification. The quality of the Biodiesel delivered by Marine Delivery shall be determined on the basis of a volumetric weighted average composite of samples drawn by the Independent Inspector from Seller's vessel's discharging tank(s) in such a manner as to be representative of the entire Marine Delivery ("Delivering Vessel Tank Final Sample").

The Delivering Vessel Tank Final Sample shall be divided into a minimum of three (3) parts as follows:

1. One part shall be provided to Seller's laboratory for analysis to determine quality;
2. One part shall be provided to HECO for the purpose of verifying Seller's determinations;
3. At least one part shall be sealed and provided to the Independent Inspector to be retained for a period of not less than 45 days.

Seller agrees to provide HECO and the Independent Inspector with the Certificate of Quality representing the Delivering Vessel Tank Final Sample in a timely manner and will make reasonable good faith efforts to provide this Certificate of Quality no later than [REDACTED] after Seller's laboratory determines the Biodiesel delivered by Marine Delivery is in conformance with the Specification. HECO shall have no obligation to accept Biodiesel for which Seller has not provided the Certificate of Quality.

HECO shall have the right to perform laboratory analyses in order to verify the results of Seller's laboratory analyses; provided however, that such verification analyses shall be performed in a timely manner

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6.21 Measurement of Quantity. Quantities of the Biodiesel delivered via a Marine Delivery hereunder shall be determined at the time of each Marine Delivery by gauging the Third Party Receiving Facilities tank(s) immediately before and after pumping under the supervision of the Independent Inspector. Quantities of Biodiesel sold and delivered by Seller and purchased and received by HECO hereunder shall be calculated in accordance with the current measurement standards adopted by industry, ASTM, API and other recognized standard-setting bodies as are applicable in the opinion of the Independent Inspector and shall be expressed in G.S.V., U.S. barrels @ 60°F.

The Independent Inspector shall (1) prepare and sign a Certificate of Quantity stating the quantity of Biodiesel determined according to the provisions of this Section to have been delivered to HECO and received by the Third Party Receiving Facility; (2) furnish Seller and HECO each with a copy of such Certificate; and (3) advise by facsimile or electronic mail the quantity of Biodiesel delivered to HECO and received by the Third Party Receiving Facilities to Seller and HECO. The data in the Independent Inspector's Certificate of Quantity prepared as provided herein shall, absent fraud or errors and omissions, be binding and conclusive upon both parties; and shall be used for verification of the invoice.

6.22 Disputes of Quality. The determination of quality for purposes of this Contract shall be based on Seller's laboratory results. HECO shall have the right to verify the results of Seller's laboratory analyses. If HECO has reason to believe that the quality of Biodiesel stated in a particular Certificate of Quality is incorrect, such as but not limited to cases where the arithmetic difference between HECO's and Seller's laboratory determinations is greater than the then existing reproducibility standard for the appropriate test method specified herein, that party shall within 40 days after the issuance date of the complete Certificate of Quality, present the other party with documents supporting such discrepancy, and the parties will confer, in good faith, on the causes for the discrepancy and shall proceed to correct such causes and adjust the quality, if necessary, for the Marine Delivery in question. In the event of an irresolvable difference between Seller and HECO, the sealed part of the Receiving Tank Final Sample in the possession of the Independent Inspector shall be provided to an independent testing laboratory for an official determination, which shall be final and binding upon both parties. Seller and HECO shall share equally the costs of such independent tests and determinations. If the quality of the Biodiesel received by HECO from Seller fails to conform to Specifications in Article IV of this Contract, both Seller and HECO shall minimize, if possible, the impact of any quality problem on HECO. At HECO's sole discretion, such efforts may include Specification waiver. Such efforts may also include Seller delivering higher quality Biodiesel in a timely manner to produce a specification quality blend in the Third Party Receiving Facility receiving and storage tank(s) containing the non-specification Biodiesel. If all such, and similar, efforts fail to resolve the quality problem, then HECO may return non-conforming Biodiesel and any other Biodiesel downgraded by commingling with the non-specification Biodiesel to Seller, in which case Seller

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shall replace the non-conforming and other downgraded Biodiesel in a timely manner with Biodiesel meeting the required quality specifications. HECO may, at its option, seek other supplies of Biodiesel if in HECO's reasonable discretion; in the event the delivery of non-conforming Biodiesel may not be remedied in time to prevent a possible interruption of HECO's operations. All costs of remedying the delivery of non-conforming Biodiesel, or arising from non-conforming Biodiesel, including the emptying and cleaning of storage tanks containing non-conforming Biodiesel or HECO's Biodiesel downgraded by commingling with the non-conforming Biodiesel, if reasonably necessary, shall be paid by Seller. Any remedy of non-conforming Biodiesel accepted by HECO under this Section shall not operate or be construed to remedy any similar non-conforming Biodiesel or to change the specifications of Biodiesel acceptable to HECO under the terms of this Contract.

6.23 Spills/Environmental Pollution. The provisions of section 12.2 of the Contract shall be applicable to any escape or discharge of Biodiesel or any polluting substance that may occur in connection with or is caused by Seller's vessel, or that occurs from or is caused by discharging operations.

6.24 Biodiesel Spill and Liability Insurance. Should HECO incur any liability under Chapter 128D of the Hawaii Revised Statutes as a result of a spill from Seller's vessel during transport, Seller shall indemnify and hold HECO harmless to the extent not caused by HECO's negligence or willful misconduct.

Seller warrants that any vessel used in a Marine Delivery shall have in place Primary and Excess Full Form Protection and Indemnity insurance including cover for Oil Pollution Clean-Up Liability and Liability for Oil Pollution Damage with a combined policy limit of \$25,000,000, or the maximum commercially available.

10. The following shall be added to section 9.1 of the Contract:

(c) Delivery other than to Site - Title to Biodiesel and the risk of loss of Biodiesel delivered by Marine Delivery shall pass from Seller to HECO at the flange of the receiving pipeline of HECO's nominated Third Party Receiving Facilities.

11. Section 10.5 of the Contract is replaced with the following:

By no later than 30 days after HECO notifies Seller of its first order for delivery of Biodiesel under this Contract, a Performance Bond ("Bond"), in the form substantially similar to the form attached as Exhibit 1 hereto, shall be furnished by Seller and deposited with HECO in an amount of [REDACTED], guaranteeing the supply of Biodiesel by Seller to HECO in accordance with the terms of this Contract. The Bond shall be effective through December 31, 2009, and renewed to be effective thereafter for January 1st through December 31st of every calendar

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year during the term of this Contract. The amount of the renewed Bond shall be determined by prior mutual agreement based on anticipated consumption volumes for the year during which it shall be effective (if mutual agreement on the amount is not reached, the amount of the Bond shall remain [REDACTED]). Evidence that such Bond has been renewed shall be provided to HECO by the surety issuing such Bond by no later than November 15th preceding the year during which it shall be effective.

HECO shall pay [REDACTED] of the cost of the Bond for each term that it is effective, in an amount not to exceed [REDACTED], subject to a per gallon pro rata reimbursement based on purchases of Biodiesel. In exchange for contributing to the cost of the Performance Bond, HECO shall receive a credit of [REDACTED] per gallon for each gallon purchased during the term for which the Bond is effective up to a maximum annual credit equal to the amount paid by HECO for the Bond for that term.

Exhibit 1 attached hereto shall become Attachment D to the Contract.

12. The following shall be added to section 14.1 immediately following paragraph two:

HECO shall use commercially reasonable efforts to mitigate Cover Costs resulting from acquiring Cover Supplies. Seller's liability to HECO for Cover Supplies shall [REDACTED].

Seller shall be obligated to pay HECO Cover Costs within 60 days of an event of default.

13. The last paragraph of section 14.1 in the original Contract outlines an event of default and HECO's right to seek Cover Supplies if, by September 30, 2008: (a) Seller has not substantially completed the fuel storage and distribution assets on-site at Seller's Facility; (b) HECO has not consented in writing to a contingency supply and distribution plan proposed by Seller for supply of Biodiesel from Seller's affiliated company's Grays Harbor Biodiesel Facility or other alternate sources and facilities; and (c) HECO does not reasonably anticipate seeking a deferral of the Commencement Date. The parties hereby affirm that the last paragraph of section 14.1 in the original contract is waived and no longer in effect.

14. The following shall be added as section 14.3 of the Contract:

By February 27, 2009, Seller shall have contracted with a supplier to secure feedstock necessary to perform Seller's obligations under this Contract (the "Feedstock Supply Condition"). Either party shall have the right to terminate the Contract with 10 days prior written notice if the Feedstock Supply Condition has

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not been timely satisfied. Such right to terminate must be exercised by March 31, 2009, if at all, and shall be the sole and exclusive remedy for failure of the Feedstock Supply Condition to be satisfied.

15. The following shall be added as section 14.4 of the Contract:

A. Financial Consolidation. If for any reason, at any time during the term of this Contract, HECO, or its parent company, Hawaiian Electric Industries, Inc. ("HEI"), in their respective reasonable judgments and in the written customary report of a major national accounting firm (with a copy provided to Seller), determines that HECO and/or HEI is required to consolidate the Seller's financial statements into its/their financial statements in accordance with U.S. generally accepted accounting principles, then either Party may terminate this Contract without fault upon 10 days prior written notice to the other Party.

B. Financial Compliance. Seller shall provide or cause to be provided to HECO on a timely basis, as reasonably determined by HECO, all information, including but not limited to information that may be obtained in any audit referred to below (the "Information"), reasonably requested by HECO for purposes of permitting HECO and HEI to comply with the requirements of (a) Interpretation No. 46 (revised December 2003) of the FASB, Consolidation of Variable Interest Entities, an interpretation of ARB No. 51 ("FIN No. 46R"), (b) Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX 404") and (c) all clarifications, interpretations and revisions of and regulations implementing FIN No. 46R and SOX 404 issued by the FASB, Securities and Exchange Commission, the Public Company Accounting Oversight Board, Emerging Issues Tax Force or other governing agency. In addition, if required by HECO in order to meet its compliance obligations, Seller shall allow HECO or its independent auditor to audit, to the extent as is reasonably required, Seller's financial records, including its system of internal controls over financial reporting; provided that HECO shall be responsible for all costs associated with the foregoing, including but not limited to Seller's reasonable internal costs. HECO shall limit access to such Information to persons involved with such compliance matters, and persons reviewing such Information shall (i) not participate in negotiations of amendments or modifications of the Contract and (ii) not disclose any information to any persons participating in such negotiations (unless such participation is approved, in writing in advance, by Seller).

HECO may share the Information on a confidential basis with HEI and the independent auditors and attorneys for HEI and HECO. (HECO, HEI and their respective independent auditors and attorneys are collectively referred to in this Section as "Recipient.") If either HECO or HEI concludes that consolidation or financial reporting with respect to Seller and/or this Contract is necessary, HECO and HEI each shall have the right to disclose such of the Information as HECO or HEI, as applicable, reasonably determines is necessary to satisfy applicable

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disclosure and reporting or other requirements, provided that HECO gives Seller fifteen (15) days advance written notice thereof (to the extent practicable under the circumstances). If HECO or HEI disclose Information pursuant to the preceding sentence, HECO and HEI shall, without limitation to the generality of the preceding sentence, have the right to disclose Information to the PUC and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs of the State of Hawaii ("Consumer Advocate") in connection with the PUC's rate making activities for HECO and other HEI affiliated entities, provided that, if the scope or content of the Information to be disclosed to the PUC exceeds or is more detailed than that disclosed pursuant to the preceding sentence, such Information will not be disclosed until the PUC first issues a protective order to protect the confidentiality of such Information. Neither HECO nor HEI shall use the Information for any purpose other than as permitted under this Section.

Subject to the foregoing, the Information shall also be deemed Confidential Information for purposes of section 16.6 of this Contract.

16. The Contract, as hereby amended, remains subject to the conditions in section 14.2 of the Contract. Further, HECO may terminate this Contract upon twenty (20) days prior written notice unless and until the State of Hawaii Public Utility Commission ("Commission") issues a decision and order approving HECO's fuel Terminalling and Trucking Agreement with Aloha Petroleum, Ltd. on terms reasonably acceptable to HECO, provided that HECO shall have exerted commercially reasonable efforts to enter into such agreement and to timely submit any such request with the Commission.

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As hereby amended, the Contract shall remain in full force and effect, subject to all of the terms, covenants and conditions therein and herein set forth.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. This Agreement may also be executed by exchange of executed copies via facsimile or other electronic means, such as PDF, in which case -- but not as a condition to the validity of the Agreement -- each party shall subsequently send the other party by mail the original executed copy. A party's signature transmitted by facsimile or similar electronic means shall be considered as an "original" signature for purposes of this Agreement.

Approved and accepted:

HAWAIIAN ELECTRIC COMPANY, INC.

By Thomas C. Dimmock
Its Vice President
By Thomas J. Gage
Its SVP

IMPERIUM SERVICES, LLC

By [Signature]
Its CEO

IMPERIUM GRAYS HARBOR, LLC

By [Signature]
Its CEO

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Exhibit I

KNOW ALL MEN BY THESE PRESENTS:

That [Principal Name] (hereinafter called Principal), as Principal and BOND COMPANY, a corporation of the State of Maryland, with its Home Office in the City of Baltimore, Maryland, and duly authorized and licensed to do business in the State of [State] (hereinafter called Surety), as Surety, are held and firmly bound unto [Name of Obligee] (hereinafter called Owner), in the full and just sum of [Bond Penalty in words] Dollars (\$[Bond Penalty in numbers]), to the payment of which sum, well and truly to be made, the Principal and Surety bind themselves, their and each of their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

Signed, sealed and dated this [Day] day of [Month], [Year].

WHEREAS, the Principal has entered into a certain written agreement, dated the [Day] day of [Month], [Year], ("Contract") with the Owner for [description of work] which Contract is or may be attached hereto for reference.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, That, if the Principal shall well and truly perform and carry out the covenants, terms and conditions of said Contract, then this obligation to be void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that the term of this bond shall be for the period from _____, 200__ through _____, 200__, and any annual extensions of this bond shall be executed via Certificate of Continuation. The failure of the Surety to extend this bond at any annual bond anniversary shall not in itself be the basis for a claim against the bond. Any and all claims by the Obligee shall be reimbursed by the Surety on the basis of reasonable, actual costs incurred of takeover by the Obligee. Regardless of the number of extensions of this bond, the aggregate liability of the Surety is limited to the penal amount and shall not be cumulative.

No right of action shall accrue on this bond to or for the use of any person, governmental entity or corporation other than the Obligee. Any suit under this bond must be instituted before the expiration of one (1) year from the event of default under the Contract upon which the suit is based unless such limitation is prohibited by the law controlling the construction hereof, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

Signed and sealed on _____ 200__

BIODIESEL TERMINALLING AND TRUCKING
AGREEMENT

ALOHA PETROLEUM, LTD.

AND

HAWAIIAN ELECTRIC COMPANY, INC.

Dated: February 5, 2009

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BIODIESEL TERMINALLING AND TRUCKING AGREEMENT

THIS AGREEMENT is entered into as of February 5, 2009, by and between Aloha Petroleum, Ltd., a Hawaii corporation having a post office address at P.O. Box 500, Honolulu, Hawaii, 96809, hereinafter to be referred to as "Aloha" and Hawaiian Electric Company, Inc., a Hawaii corporation, whose principal place of business is 900 Richards Street, Honolulu, Hawaii 96813, and whose mailing address is P. O. Box 2750, Honolulu, Hawaii 96840-0001, hereinafter to be referred to as "HECO" (collectively, the "Parties").

WHEREAS, Aloha is the sole owner and operator of a liquid fuel products storage facility at 91-119 Hanua Street, Kapolei, Hawaii, 96707, hereinafter referred to as the "Terminal;"

WHEREAS, HECO desires Aloha to provide certain services at the Terminal in connection with the receipt, dedicated and segregated storage, and delivery of biodiesel (the "Product") to the HECO generating facility at HECO's Barbers Point Tank Farm site in Campbell Estate Industrial Park, Kapolei, Oahu, Hawaii ("HECO CIP Facility") by Aloha's fuel trucks; and

WHEREAS, in order to provide such services, Aloha is willing to convert Aloha Tank [REDACTED] from petroleum product storage to Product storage dedicated to HECO's exclusive use, demolish existing fuel storage tanks, and build a new [REDACTED] barrel tank for biodiesel storage in accordance with the timetable set forth herein; and

WHEREAS, Aloha is willing to provide such services and make such improvements;

NOW, THEREFORE, for good and valuable consideration, the receipt which is acknowledged by the Parties, HECO and Aloha agree as follows:

1. **Facilities.**

1.1 In consideration of the agreements and undertakings of HECO set forth herein, Aloha agrees to provide the terminalling and trucking services and utilize the facilities at the Terminal (the "Facilities") for the handling and dedicated and segregated storage of HECO's Product for the term set forth herein.

1.2 On an interim basis, Aloha shall make such additions and modifications to existing piping, valves, fittings, truck loading rack and other facility systems in order to convert Tank [REDACTED] (with an approximate shell capacity of [REDACTED] barrels) from petroleum product storage to Product storage for HECO's dedicated use by November 1, 2009. Aloha shall demolish certain existing fuel storage tanks and build new storage capacity including a new tank with suitable pipeline and truck loading rack connections with an approximate shell capacity of [REDACTED] barrels for the dedicated storage for HECO's Product within 12 months from the Effective Date, as defined herein. The tank then in dedicated service to HECO shall be herein referred to generally as "HECO's Dedicated Tank" and said additions and modification required solely to convert Tank [REDACTED] to Product service for HECO and subsequent additions or modifications to piping, fittings, truck loading rack and other systems installed solely to enable the successor [REDACTED] barrel capacity to be made suitable for HECO's Product service shall be referred to collectively as "Terminal Modifications."

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2. Terminalling Services and Product.

When instructed by HECO, but subject to the provisions of Sections 7 and 10 herein, Aloha agrees to receive HECO's Product into the Terminal and store such Product, and to deliver same, all as specified in Exhibit A (the "Services"). The aggregate quantity of Product Aloha agrees to receive and store shall be as specified in Exhibit A. HECO may choose to utilize the services under this Agreement for Low Sulfur Diesel (LSD) or Ultra Low Sulfur Diesel (ULSD) rather than biodiesel as set forth in Exhibit A and subject to the conditions contained therein. In such case, LSD or ULSD shall be considered "Product" for purposes of this Agreement. Hereinafter, the parties may mutually agree that HECO may use the Terminal and Services for other types or specifications of fuel, in which case the same shall also be considered "Product" for purposes of this Agreement.

3. Terminalling And Delivery Fees

3.1 Commencing on November 1, 2009, or such other times as agreed upon by the parties, in consideration for Aloha providing the Facilities and Services, [REDACTED]

3.2 In addition to other fees, HECO agrees to pay a Load Rack Fee [REDACTED]

3.3 In addition to other fees, HECO agrees to pay a Pipeline Fee [REDACTED]

3.4 In addition to other fees, HECO agrees to pay a Trucking Fee [REDACTED]

3.5 [REDACTED]

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[REDACTED]

3.6

[REDACTED]

3.7

[REDACTED]

3.8

[REDACTED]

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4. Term and Effective Date.

4.1 Term. The initial term of this Agreement shall be two and a half (2.5) years beginning July 1, 2009 and ending on December 31, 2011 (the "Termination Date"). This Agreement will automatically renew for consecutive two year terms unless and until one party notifies the other in writing of its intention not to allow renewal of the Agreement no later than January 1st of the calendar year in which the then-current term will expire.

4.2 Regulatory Approval. HECO will file an application with the State of Hawaii Public Utilities Commission ("Commission") requesting approval of this Agreement. This Agreement is contingent upon the issuance of a decision and order by the Commission that (a) approves this Agreement and its terms and conditions, (b) is final and deemed to be reasonable by HECO, in its sole discretion; and (c) allows HECO to include all of the costs incurred by HECO pursuant to this Agreement in HECO's Energy Cost Adjustment Clause to the extent that the costs are not recovered in HECO's base rates (hereinafter, the "Commission Approval Order"). If HECO has not received the Commission Approval Order within 180 days of the date of this Agreement, then either Aloha or HECO may terminate this Agreement by providing written notice of such termination delivered to the other prior to the Effective Date, as it is defined in Section 4.3. In such event of termination, each party shall bear its own respective fees, costs and expenses incurred prior to termination, if any, in preparation for performance hereunder, and the parties shall have no further obligation to each other with respect to this Agreement.

4.3 Effective Date. This Agreement shall become effective (the "Effective Date") upon (a) receipt by HECO of the Commission Approval Order, and (b) notice of the same to Aloha.

5. Determination Of Quantity.

5.1 The quantity of the Product handled hereunder shall be determined by Aloha, or at HECO's option, by an independent inspector reasonably acceptable to both Parties. The charges for an independent inspector shall be paid by HECO, and the independent inspector's determination of quantity shall be accepted as final and binding. The quantity of Product handled hereunder shall be determined as follows:

A. The quantity of Product received from or delivered to pipeline or marine vessel shall be determined at the time of each pipeline shipment receipt or issue of Product or marine vessel loading or unloading of Product by gauging HECO's Dedicated Tank. The quantity of Line Displacement Stock shall be determined at the time of each shipment or marine cargo operations by gauging Aloha's Terminal tank before and after pumping. Tank level measurements shall be performed in accordance with Aloha Terminal Procedures, and will be adjusted to account for any free water. Both Aloha and HECO agree that if the measurement of Product received into or issued from HECO's Dedicated Tank is, in the opinion of the Independent Inspector, considered to have been rendered inaccurate for any reason including, but not limited to, operational constraints, physical loss of Product or inadvertent transfer of Product within Aloha's facility, then the quantity of Product may be determined by gauging the

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marine vessel's tanks, HECO's CIP Facility tanks or otherwise before and after pumping under the supervision of the independent inspector.

B. The quantity of Product delivered to HECO's tank trucks shall be determined at the time of the loading, respectively, of each such truck at the Terminal load rack based on Aloha's meters converted to 60 degrees Fahrenheit by the Terminal's automated rack control system as reflected on the Bills of Lading, or in the case of meter failure or absence of meters, tank truck calibration charts shall be used and the volume converted to 60 degrees Fahrenheit on the basis of manual temperature measurement of the receiving tank truck. Aloha shall maintain seals on its meters and shall test and calibrate its meters on a semi-annual basis or within a period otherwise in accordance with industry standards, whichever is less. Aloha shall give HECO a written schedule of calibration test times, and HECO shall have the right to have its representative present to observe such calibration test.

C. The quantity of Product delivered in nominal shipment sizes of a minimum of [REDACTED] gallons by Aloha's tank truck into the tanker truck discharging manifold system connected at HECO's CIP Facility capable of a delivery rate of 250 gallons per minute minimum utilizing HECO's CIP Facility's discharge equipment, shall be determined at the time of the discharging of each such truck by HECO's automated discharge rack control system calibrated meters at HECO's CIP Facility, corrected in each instance to 60 degrees Fahrenheit, or in the case of meter failure or absence of meters, tank truck calibration charts shall be used and the volume converted to 60 degrees Fahrenheit on the basis of manual temperature measurement of the receiving tank truck. In the event HECO's automated discharge rack control system meters shows significant variation in the quantity delivered shown on Aloha's bills of lading, the matter shall be submitted to binding arbitration in accordance with Section 29 below. HECO shall maintain seals on its meters and shall test and calibrate its meters on a semi-annual basis or within a period otherwise in accordance with industry standards, whichever is less. HECO shall give Aloha a written schedule of calibration test times, and Aloha shall have the right to have its representative present to observe such calibration test.

5.2 For the purpose of this Agreement, a barrel shall consist of forty-two (42) U.S. gallons and a gallon shall contain two hundred thirty-one (231) cubic inches when corrected to 60°F. All gauging, sampling and testing of receipts or deliveries shall be in accordance with the latest methods of the American Petroleum Institute's Manual of Petroleum Measurement Standards (API MPMS) and the American Society for Testing and Materials (ASTM). All quantity determinations shall be made in accordance with then currently applicable ASTM methodology. The actual quantity received or delivered shall be the measured quantity reported in Barrels and Gallons at 60 degrees Fahrenheit. However, it is recognized that volume correction factors and other measurement standards for bulk biodiesel movements have yet to be fully developed or universally adopted; the parties agree to mutually consider and implement such standards when and as applicable.

5.3 HECO recognizes that normal handling of Product within the Terminal may result in losses in Product volume due to evaporation, shrinkage, line loss, clingage, etc. Aloha will only deliver to HECO the quantity of Product, which was received by Aloha from HECO, less allowable losses as described below.

A. Aloha shall not be responsible for actual measured losses in volume of Product which are less than one-quarter of one percent (0.25%) of the Terminal's total monthly pipeline receipts of Product, provided such lost volume cannot be identified somewhere else in the Terminal system, such as a transfer to another tank in the Terminal, as remaining in a

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pipeline, etc. Settlement of any losses shall (a) be by returning Product in-kind at the Terminal by physical transfer or (b) Aloha shall credit HECO's account or pay HECO based upon HECO's actual monthly purchase price of the grade of Product as documented by HECO which shall be reasonably acceptable to Aloha; and any such settlement shall take place every six months or at the end of the term, whichever is shorter, and shall be calculated as the net amount of the monthly gains and losses through the period. Gains shall be used on a percentage of throughput basis to offset losses. Aloha shall not be responsible for any losses which HECO is compensated by its insurer.

B. Losses shall be reported monthly at the end of each month by comparing the month-end Product book inventory with the month-end Product physical inventory and adjusting book inventories down to match the physical inventory.

6. Receipts.

6.1 Aloha and HECO will mutually coordinate the receipt of shipments of Product by pipeline and marine vessel into the Terminal. Shipment scheduling shall be flexible to ensure that Aloha's other bulk pipeline and marine shipments are not unreasonably interrupted. To assist in the coordination of shipments:

A. HECO shall provide Aloha by the 10th day of each calendar month a forecast of intended shipments, minimum [REDACTED] barrels, of HECO's Product to the Terminal for the two (2) subsequent months and the approximate date and volume of each anticipated shipment.

B. HECO shall provide Aloha a specific three (3) day delivery window upon no less than ten (10) days notice prior to the first day of the proposed delivery period ("10-Day Notice"). The 10-Day Notice shall also specify the amount of HECO's Product to be delivered, subject to a variation of plus or minus twenty (20) percent with respect to the actual volume delivered. Aloha may reject the proposed delivery window upon providing notice to HECO, no later than two (2) business days from the receipt of HECO's 10-Day Notice, and supply an alternative three (3) day delivery window, provided further that the three (3) day delivery window is within two (2) days of the date of HECO's first proposed three (3) day delivery window. Notices may be given by electronic mail, facsimile or telephone.

C. Notwithstanding the estimated duration of the shipment operations, the estimated date and time of the commencement of shipment operations shall be narrowed to twelve (12) hours by mutual consent of Aloha and HECO no later than two (2) days prior to the estimated shipment operations commencement time and date. HECO shall be responsible to reserve the pier, on the agreed upon dates, through the customary channel in the State of Hawaii Department of Transportation - Harbor's Division.

6.2 HECO's nominated vessel shall comply with all applicable federal, state and local laws, rules and regulations, the vessel acceptance standards as may be applicable to unmanned petroleum tank barges and shall be fit in every way to carry and deliver Biodiesel. Aloha shall provide HECO with the Terminal's operations manual, vessel acceptance standards and any other applicable safety and operations procedures and vessel acceptance standards, and any amendments thereto, during the term of this Agreement. While at the Product discharge pier, HECO's nominated vessel shall operate in compliance with the Terminal's operations manual as approved by the U.S. Coast Guard.

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7. Terminal Hours of Operation.

The Terminal will remain open twenty-four (24) hours a day, seven (7) days a week for the receipt and/or delivery of Product via marine vessel, pipeline, or truck and trailer, except when the Terminal may be closed due to scheduled or necessary but unscheduled maintenance. Whenever possible, Aloha will provide reasonable notice of all maintenance activities which may force closure of the Terminal. Aloha, at its cost, shall provide reasonable alternative accommodations for the receipt and storage of Product in the event that HECO's Dedicated Tank or the associated pipelines and equipment used to provide the Services under this Agreement are not available for more than 15 days, except to the extent that such unavailability is due to Force Majeure.

8. Compliance with Laws and Regulations; Indemnity, Limitation of Liability.

8.1 Aloha agrees to comply in the performance of this Agreement with all applicable governmental laws, regulations and rules. HECO agrees to comply with all applicable governmental laws, regulations and rules including but not limited to the filing of all reports as may be required by state and local taxing jurisdictions, as well as all reasonable rules and instructions issued by Aloha applicable to Aloha and all Terminal users ("Aloha Terminal Standards"). In no event shall Aloha be considered the importer of record for any shipments of Product from HECO or third parties by marine vessels relating to this Agreement.

8.2 Aloha agrees to defend, indemnify and hold harmless HECO, its employees and agents for and against any loss, damage, claim, suit, liability, judgment and expense (including attorneys' fees and other costs of litigation) arising out of violation by Aloha of the terms of this Agreement, except to the extent that such fine, charge and/or assessment is caused, or contributed to, by HECO, its employees and agents, contractors or subcontractors. HECO agrees to defend, indemnify and hold harmless Aloha, its employees and agents, for and against any loss, damage, claim, suit, liability, judgment and expense (including attorneys' fees and other costs of litigation) arising out of violation by HECO of the terms of this Agreement, except to the extent that such fine, charge and/or assessment is caused, or contributed to, by Aloha, its employees and agents, contractors or subcontractors.

8.3 In the event, after the Effective Date, any governmental body shall require the installation of facilities or fixtures, or require changes in Aloha normal operating procedures related to the storage and handling of HECO's Product, Aloha shall notify HECO of the necessity and cost of such installation of facilities or fixtures, or changes in operating procedures, and Aloha and HECO shall work, in good faith, to provide such installation of facilities or fixtures, or to make such necessary changes to Aloha's operating procedures, and to adjust the compensation payable by HECO hereunder to reflect that portion of Aloha's additional costs of compliance attributable to HECO's Product. In the event the Parties are unable to reach agreement concerning such increase in compensation, the matter shall be submitted to binding arbitration in accordance with Section 29 below. HECO expressly relieves Aloha of any and all obligations hereunder to provide facilities and/or services when such facilities and/or services are contrary to any law, regulation or ruling.

8.4 In addition, if at any time after the Effective Date, any governmental body shall require the installation of facilities or fixtures, or require changes in Aloha's normal operating procedures relating to the Terminal which Aloha determines to be unduly onerous or economically prohibitive, Aloha shall have the right to close the Terminal whereupon Aloha's obligations hereunder shall be suspended. If Terminal operations are recommenced, this

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Agreement shall continue in full force and effect unless terminated in accordance with other provisions hereof.

8.5 In no event shall Aloha or HECO be liable for special, consequential, incidental or indirect losses or damages under this Agreement.

9. Reports.

9.1 Aloha agrees to promptly provide to HECO (a) such reports as HECO may reasonably require summarizing receipts and deliveries of HECO's Product, into and out of storage, including the quantities received and delivered, the date of each such transaction, and matters addressing compliance with the *Environmental Policy for The Hawaiian Electric Company's Procurement of Biodiesel from Palm Oil and Locally Grown Feedstocks*, prepared by HECO and NRDC, dated August 2007 ("HECO-NRDC Environmental Policy") and (b) reports of HECO's Product in each of the storage tanks covered by this Agreement of the actual daily midnight (2400 hours) liquid level in HECO's Dedicated Tank in feet, inches and eighths of an inch, gross Product inventory volume, average temperature in degrees Fahrenheit of Product in HECO's Dedicated Tank, net inventory volume and aggregate net volume of Product loaded into HECO's tanker trucks at the Terminal's truck loading rack for the 24-hour period ending at said midnight period and aggregate net volume of Product delivered by Aloha to HECO's CIP Facility for the same 24 period ending at said midnight, unless otherwise requested by HECO, up to a limit of five (5) such reports per week. Aloha's reports issued under the provisions of this may be given by electronic mail or facsimile.

9.2 After the end of each calendar month during the term hereof, Aloha shall promptly provide to HECO, but no later than three (3) business days from the end of each calendar month, a report indicating for such month each receipt and delivery of HECO's Product, into and out of storage, the beginning physical storage inventory, and the ending book and physical inventories, and monthly aggregate gain or loss. Upon Aloha's reasonable request, HECO shall furnish Bills of Lading, forms, etc., as may reasonably be required. Aloha shall not be obligated to perform any additional administrative or record keeping duties for HECO other than those set forth in this Section 9, unless Aloha and HECO agree, in writing, to such additional duties and compensation, if any, for their performance.

9.3 HECO shall provide to Aloha by the 10th of each calendar month a two-month rolling demand projection by Product for the Terminal, including outbound deliveries. All such reports shall be delivered to the attention of the Supply Coordinator at 1132 Bishop Street, Suite #1700, Honolulu, HI 96813.

10. Product Quality.

10.1 All Product received into the Terminal shall conform with the Product specifications set forth in Exhibit B hereto, and/or other specifications as may be provided to Aloha by HECO and accepted by Aloha during the term of this Agreement. The quality of the Product delivered shall be determined by analysis of the sample in accordance with the specifications in Exhibit B.

10.2 During receipt at the Terminal, Aloha must maintain a clear, documented and verifiable chain of custody for all Product and shall comply with sections 2.2, 2.4, 2.6 and 4 of the HECO-NRDC Environmental Policy.

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10.3 After each receipt of Product into HECO's Dedicated Tank, and prior to the delivery of Product to HECO, the Independent Inspector shall seal the intake valve or pipeline of such tank and then take a representative sample of the Product in HECO's Dedicated Tank. The Independent Inspector shall divide each sample into three (3) parts as follows: (i) one part shall be taken to a laboratory selected by HECO for testing to determine quality; (ii) one part shall be provided to Aloha, (iii) one part (the "Referee Sample") shall be sealed and retained by the independent inspector for at least ninety (90) days after the completion of the delivery or such longer period of time as may be necessary to resolve any dispute regarding quality. A Referee Sample shall be subject to testing and analysis in the event of a dispute regarding the quality of the Product delivered.

10.4 The seal on HECO's Dedicated Tank shall be broken by the Independent Inspector immediately prior to the receipt of additional Product into HECO's Dedicated Tank. If the seal is broken for the purposes of receiving additional Product into HECO's Dedicated Tank, the Product contained in HECO's Dedicated Tank after the addition must be sampled again by the Independent Inspector prior to delivery of Product to HECO from HECO's Dedicated Tank. All samples drawn pursuant to this Section 10 shall be drawn in accordance with standard industry practices and in such a manner as to be representative of the Product then stored in HECO's Dedicated Tank. All expenses associated with sampling, analysis and sample storage by the independent inspector shall be for the account of HECO.

10.5 If Aloha becomes aware any sample for Product owned by HECO indicates the presence of contaminated Product or Product that does not meet the established Product specifications, Aloha shall immediately notify HECO. Aloha shall also have the right but not the obligation to verify the results of HECO's laboratory analyses. The determination of quality for purposes of this Agreement shall be based on HECO's laboratory results provided that the arithmetic difference between HECO's and Aloha's laboratory results is equal to or less than the then existing reproducibility standard for the appropriate test method referenced in Exhibit B. If the difference between HECO's and Aloha's laboratory results is greater than this reproducibility standard, the parties will confer, in good faith, to resolve the difference. If any dispute by Aloha regarding HECO's quality determination is not promptly resolved, Aloha may request analysis of the Referee Sample by an independent laboratory, whose determination shall be final and binding on both parties. Aloha and HECO shall share equally the cost of such independent analysis.

10.6 Any difference between such inspector's findings and those of Aloha shall be promptly discussed by Aloha and HECO and, if an agreement cannot be reached as to whether the Product is contaminated or otherwise non-conforming, then the matter shall be determined in accordance with the dispute resolutions provisions set forth in Section 29.

10.7 Aloha shall not be obligated to accept Product from HECO if such Product does not meet the specifications set forth in this Agreement or does not fully comply with all legal requirements at the time of delivery. HECO shall provide Aloha with a port of loading Certificate of Analysis with every Product marine vessel delivery. The port of loading Certificate of Analysis shall be faxed or emailed to the Terminal no less than 72 hours prior to the marine vessel's arrival at Barber's Point. HECO shall provide Aloha with its final laboratory determinations of quality of a volumetric weighted average composite of samples drawn by an independent inspector from the delivering vessel's discharging tanks(s) in such manner as to be representative of the entire marine delivery. In no event shall Aloha be responsible for the receipt of Product not complying with the specifications set forth in Exhibit B attached.

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Or The Consumer Advocate

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10.8 Upon request from HECO, Aloha shall blend Product at the Terminal load rack with dye solvent 164 at a concentration spectrally equivalent to at least 3.9 pounds of the solid dye standard solvent red 26 per thousand barrels of Product or as otherwise necessary to comply with applicable federal, state and local statutes, regulations and ordinances, including but not limited to regulations established by the United States Environmental Protection Agency and United States Internal Revenue Service (26 CFR 48.4082-1) pertaining to the minimum required concentration of red dye in Product.

10.9 Aloha shall not be responsible for change in quality, color, or condition of the Product stored or handled except to the extent caused by Aloha's negligence.

11. Invoices

Invoices for the Services performed pursuant to Article 3 and for Line Displacement Stock sold will be prepared and dated following delivery and shall be rendered from time to time each calendar month. The invoices shall be supported by such documentation to allow easy verification of the charges therein.

12. Payments.

12.1 Timing of payments of invoices for fees for Services and Facilities and for Line Displacement Stock received shall be based upon the invoice issue date, which shall be the invoice date or postmarked mailing date of the invoice, whichever is later, as follows:

(A) Payment for a received invoice dated from the 1st through the 10th of a month is due on the 20th of the same month.

(B) Payment for a received invoice dated from the 11th through the 20th of a month is due by the last day of the same month.

(C) Payment for a received invoice dated from the 21st through the last day of the month is due on the 10th day of the following month.

12.2 Due dates are the dates payments are to reach the other party. If the due date falls on a Saturday, the payment shall be received on the preceding business day. If such date falls on a Sunday or a holiday, payment shall be received the following business day. The amount of any invoice not otherwise in dispute, if not paid timely by HECO, shall bear interest at the rate of [REDACTED] or the highest rate allowable under applicable law, whichever is lower, for each month or portion of a month thereafter during which such amount remains unpaid.

12.3 Payments shall be by bank wire transfer of immediately available funds to:

Aloha Petroleum, Ltd.
Account Number [REDACTED]
Bank of Hawaii
130 Merchant Street
Honolulu, Hawaii 96813
Routing Number: [REDACTED]

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For identification purposes, all wires must clearly indicate that payment is being made by order of HECO and provide the invoice reference number.

12.4 In the event HECO disputes any portion of any invoice, HECO shall promptly notify Aloha in writing of the disputed portion and pay the undisputed portion according to the terms of this section. After receipt of notice, HECO and Aloha shall promptly meet to resolve the dispute within thirty (30) days of receipt of notice. If the Parties fail to agree on a resolution within thirty (30) days of receipt of notice then the Parties may proceed with the dispute resolution procedure set forth herein.

13. Auditing and Inspection.

HECO shall have the right, at its sole cost, during the term of this Agreement: a) to make periodic operational inspections of the Terminal, b) to conduct audits of any pertinent records including those that substantiate Aloha charges to HECO, c) to conduct physical verifications of the amount of Product stored in the Terminal and d) to conduct audits required by the HECO-NRDC Environmental Policy; provided all such inspections shall be made during Aloha's normal working hours (except, in emergency situations, for inspections to conduct physical verifications of the amount of Product stored in the Terminal, which may be conducted after Aloha's normal working hours) and after reasonable notice to Aloha such that performance of said inspections will not unreasonably disrupt Aloha operations.

14. Insurance.

14.1 The storage and handling rates contained herein do not include any costs for insurance covering damage to or loss of HECO's Product while it is in the custody of Aloha, it being expressly understood and agreed that insurance, if any is desired by HECO, shall be carried by HECO at its own expense.

14.2 Without in any way limiting any of HECO's obligations, indemnities or liabilities as specified elsewhere in this Agreement, at all times during the term hereof, HECO shall maintain at its expense the following minimum insurance at the coverage limits specified subject to adjustments in accordance with the formula provided in Section 3 above, reasonably satisfactory to Aloha and in compliance with all applicable laws and regulations:

A. Comprehensive General Liability Insurance (including but not limited to coverage for HECO's obligation hereunder to defend and/or indemnify Aloha) with a limit of not less than [REDACTED] each occurrence for bodily injury and property damage combined.

In the event HECO hires employees in the state of Hawaii:

B. Worker's Compensation and Employer's Liability Insurance as prescribed by applicable law in an amount of not less than [REDACTED]. Additionally, insurance covering liability under the Longshoremen's and Harbor Workers' Act, if applicable. Self-insurance authorized by Hawaii state or federal law is acceptable.

In the event HECO owns or leases vehicles in the state of Hawaii:

C. Comprehensive Automobile Liability Insurance including owned, non-owned and hired vehicles, with a limit of [REDACTED] each occurrence for bodily injury and property damage combined.

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The policies providing the above insurance shall provide that Aloha will receive thirty days' written notice prior to the cancellation or material change of the insurance. The insurance specified in item "(B)" shall contain a waiver of subrogation against Aloha. The insurance specified in items "(A)" and "(C)" shall name Aloha as an additional insured with respect to services performed under this Agreement. HECO shall, at Aloha's request, provide Aloha with certificates or other documentary evidence of the above insurance, satisfactory to Aloha.

14.3 Aloha and anyone acting under its direction or control or on its behalf in providing services under this Agreement shall at its own expense procure and maintain in full force and effect at all times during the term of this Agreement the following insurance and all other forms of insurance that may be required by any applicable law, rule, ordinance or regulation of any governmental authority. Aloha's insurers shall be licensed or authorized to do business in the State of Hawaii and maintain a minimum AM Best Rating of A-VII:

(a) Workers Compensation and Employers' Liability Insurance, Temporary Disability, and other similar insurance as required by law.

(b) Commercial General Liability Insurance insuring Aloha and anyone acting under its direction or control or on its behalf and HECO against liability from bodily injury, including death, suffered by persons other than employees of Aloha and liability from property damage, arising out of directly or indirectly the performance of this Agreement. The Commercial General Liability insurance shall cover Products/Completed Operations and Contractual Liability assumed by Aloha under this Agreement. The Commercial General Liability insurance combined single limit shall not be less than [REDACTED] per occurrence. The General Liability policy must include the Mis-delivery of Liquid Products Coverage Endorsement, ISO form No. CG 22 66 11 85.

(c) Commercial Automobile Liability Insurance insuring Aloha and anyone acting under its direction or control or on its behalf against liability from damages because of injuries, including death, suffered by persons other than employees of Aloha and liability from damages to property, arising from and growing out of any operation of Aloha (including operations of automobiles, trucks or other vehicles owned, non-owned and hired) in connection with the performance of this Agreement. Commercial Automotive Liability insurance shall have a combined single limit of not less than [REDACTED] per accident, and shall include an endorsement for "CC 00 31 12 89, Changes in Business Auto and Truckers Policies - Mobile Equipment, Contractual Liability and Pollution (Hawaii)," or its equivalent, to provide pollution liability coverage, as well as an MCS-90 Endorsement.

(d) Other Coverage. Aloha and anyone acting under its direction or control or on its behalf shall at its own expense procure and maintain in full force and effect at all times during the term of this Agreement on all owned, non-owned and hired vehicles used in conjunction with the delivery of Fuel to HECO, any other insurance or surety bonding that may be required under the laws, ordinances and regulations of any governmental authority, including the Federal Motor Carrier Act of 1980 and all rules and regulations of the DOT.

Aloha and anyone acting under its direction or control or on its behalf will cause its insurers (except for Workers Compensation insurance) to waive all rights of subrogation which Aloha or its insurers may have against HECO or its agents, employees, directors, officers, affiliates, contractors, successors and assigns.

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Insurance policies (except for Workers Compensation insurance) providing the insurance coverage required in this Agreement will name HECO, HECO's agents or HECO's employees as an additional insured. Coverage must be primary in respect to the additional insured, but may be supplemented by excess or umbrella policies. Any other insurance carried by HECO will be excess only and not contribute with this insurance.

Certificates of Insurance. Before performance of this Agreement, Aloha shall file with HECO's designated representative certificates of insurance, or other documentary evidence acceptable to HECO, certifying that each of the foregoing insurance coverages is in force, and further providing that HECO will be given thirty (30) days' written notice of any material change in, cancellation of, or intent not to renew any of the required policies. Aloha shall provide new insurance certificates reflecting the required policies prior to the expiration date of any coverage. Receipt of any certificate showing less coverage than required is not a waiver of Aloha's obligation to fulfill the coverage requirements.

15. Indemnity.

Each party in this Agreement shall indemnify, defend and hold the other harmless from claims, demands, expenses (including penalties, interest, and reasonable attorney's fees) and causes of action asserted against the other by any other person (including without limitation employees of either party or any Federal, State, or local governmental authority) for personal injury or death, or for the loss or damage to property, to the extent resulting from the willful or negligent acts or omissions of the indemnifying party or from the indemnifying party's failure to comply with Federal, State, or local laws or regulations relevant or applicable to the delivery, storage or receipt of any Product hereunder. Where personal injury, death or loss of or damage to property is the result of the joint negligence or misconduct of the Parties hereto, the Parties expressly agree to indemnify each other in proportion to their respective share of such joint negligence or misconduct. Aloha or HECO, as soon as practicable after receiving notice of any suit brought against it within this indemnity agreement, shall furnish to the other full particulars within its knowledge thereof and shall render all reasonable assistance requested by the other in the defense of any such loss, damage, claim, suit, or liability. Each shall have the right but not the duty to participate, at its own expense, with counsel of its own selection, in the defense and/or settlement thereof without relieving the other of any obligations hereunder.

16. Title and Custody.

Title to the Product stored and/or handled by Aloha hereunder on behalf of HECO shall always remain in HECO. Aloha shall be deemed to have mere custody of and responsibility for the Product starting from the time during receipt when the Product passes (a) the first Aloha flange connection to the vessel's delivery line for waterborne receipts; (b) the first Aloha flange on the receipt line at Aloha's terminal on pipeline receipts, and (c) on the date of book or stock transfer. HECO shall be deemed to have regained custody of and responsibility for the Product starting from the time during delivery when the Product passes the last Aloha flange connecting to HECO receiving equipment.

17. Demurrage

Neither HECO nor Aloha assumes any liability to the other for any demurrage on marine vessels or truck equipment which occurs as a result of their respective operations, unless such demurrage is caused by the failure to comply with Aloha Terminal Operating Procedures or the terms of this Agreement.

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18. Taxes.

HECO shall pay Aloha the amount of gross taxes payable by Aloha under the Hawaii General Excise Tax Law, or any similar federal, state or county law hereafter enacted, on account of the receipt by Aloha of any fees, charges or reimbursements paid by HECO to Aloha under this Agreement. Aloha shall clearly itemize any such taxes on its invoices to HECO.

19. Force Majeure.

In the event either Party is rendered unable, wholly or in part, to perform its obligations under this Agreement due to acts of God, floods, fires, explosions or storm; strikes, boycotts, lockouts or other industrial disturbances; forced closures due to unscheduled maintenance, wars or any law, rule, order or action of any court or instrumentality of the Federal or any State government, or any other cause or causes beyond its control whether similar or dissimilar to those stated above, it is agreed that on such Party's giving notice and full particulars of such force majeure to the other Party, then the obligations of such Party's shall be suspended from the date such event commences and for the continuance of any inability so caused shall, so far as possible, be remedied with all reasonable dispatch.

20. Material Safety Data Sheet.

Prior to commencement of this Agreement, HECO will furnish Aloha with a Material Safety Data Sheet (MSDS) on its Products in accordance with 29 CFR 1910.1200, the Occupational Safety and Health Standards Subpart Z—Toxic and Hazardous Substances Hazard Communication Standard as amended. It is HECO's sole responsibility to comply with all Federal, State and Local regulations and requirements in the preparation of the MSDS. It is also HECO's sole responsibility to provide its own customers with the appropriate MSDS on the Products throughputted, or stored in the Terminal. Further, HECO agrees to unconditionally indemnify, defend and hold Aloha harmless against liability for any and all fines, fees, judgments, claims, demands or other charges resulting from HECO's noncompliance with such regulations and requirements. Aloha agrees to unconditionally indemnify, defend and hold HECO harmless against liability for any and all fines, fees, judgments, claims, demands, or other charges resulting from Aloha's noncompliance with such regulations and requirements and Aloha's failure to post and distribute MSDS information provided by either HECO or Aloha to HECO's employees and agents who come into contact with HECO's Products.

21. Attorneys' Fees

If there is a dispute between the parties and either party institutes a lawsuit, arbitration, or other proceeding to enforce, declare, or interpret the terms of this Agreement, the prevailing party shall be awarded its reasonable attorneys fees and costs.

22. Termination and Default.

22.1 Termination.

A. This Agreement may be terminated at any time by mutual written agreement of the Parties.

B. This Agreement may also be terminated upon the event of a default, as further provided herein. Each of the following shall constitute a Default, giving rise to a right to

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terminate this Agreement in favor of the Party that is not in breach pursuant to Section 22.1.B(1), or is not the Party involved or subject to any of the matters referred to in Sections 22.1.B(2), (3) or (4):

(1) Any material breach of this Agreement by a Party if such breach continues for thirty (30) days after receipt or notice thereof from the Non Defaulting Party to the Defaulting Party, unless the Defaulting Party within such period has initiated good faith efforts to cure or correct the breach and actually cures or corrects the breach within sixty (60) days (or other such time mutually agreed upon by the parties) of such notice; or

(2) The filing against a Party of a petition of bankruptcy or seeking any reorganization, composition, readjustment, liquidation, or similar relief under the Bankruptcy Code or under any similar applicable federal or state statute, law, or regulation, which petition shall remain undismissed or unstayed for an aggregate of sixty (60) days; or entry of a decree or order of a court having jurisdiction for the appointment of a receiver, custodian, liquidator or trustee of a Party or of all or any substantial part of its property or for the winding up or liquidation of its affairs, and the continuation of such decree or order in force undischarged or unstayed for a period of sixty (60) days; or

(3) The adjudication of a Party as a bankrupt or insolvent or the institution by a Party of proceedings to be adjudicated a voluntary bankrupt or a consent by a Party to the filing of a bankruptcy proceeding against it, or the filing by said Party of a petition or answer or consent seeking reorganization under the Bankruptcy Code or any similar applicable federal, state, law or regulation, consent by a Party to the filing of such petition or consent to the appointment of a receiver, custodian, liquidator or trustee of it or of all or any substantial part of its property or the admission by a Party in writing of its inability to pay its debts generally as they become due or the taking of corporate or other action by a Party in furtherance of any of the aforesaid; or

(4) Final action being taken by a Party to be wound up, or if a Party shall go into liquidation, or a provisional liquidator or an official receiver or custodian of a Party is appointed and the appointment of such liquidator shall remain undismissed or unstayed for a period of sixty (60) days, or a Party enters into a binding arrangement with creditors (or any class thereof) for the purpose of reorganizing or liquidating its assets.

22.2 In lieu of terminating the Agreement under Section 22.1.B, the Non Defaulting Party may, at its option, pursue any claim or cause of action arising out of the Default in arbitration as provided in Section 29.

23. Assignment.

Terminalling services hereunder shall be provided solely for Product owned by HECO and HECO is prohibited from providing terminal services using the Terminal for third party product/fuels. Neither party shall have the right to assign this Agreement or any interest herein or rights hereunder without the prior written consent of the other Party, which consent shall not unreasonably be withheld or delayed.

24. Modification.

This Agreement shall not be modified or changed except by written instrument mutually executed by the duly authorized officers of the Parties hereto.

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25. Notices.

Any notice required or permitted hereunder by one party to the other shall be in writing and the same shall be given and shall be deemed to be served and given if delivered in person to the address set forth below for the party to whom the notice is given, or if placed in the United States mail, postage prepaid, addressed to the party at the address hereinafter specified. From time to time, either party may designate another address for the purpose of this Agreement by mailing to the other party notice of such change of address, which shall be effective fifteen (15) days after the giving of such notice.

For Aloha:

Chief Financial Officer
Aloha Petroleum, Ltd.
1132 Bishop Street, Suite 1700
Honolulu, HI 96813

For HECO:

Vice President, Power Supply
Hawaiian Electric Company, Inc.
P.O. Box 2750
Honolulu, HI 96840

26. Independent Contractor.

In performing their respective services pursuant to this Agreement, Aloha and HECO are acting solely as independent contractors maintaining complete control over their respective employees, facilities, and operations. Neither Aloha nor HECO is authorized to take any action in any way whatsoever for or on behalf of the other, except as may be necessary to prevent injury to persons or property, or, in accordance with Section 26 of this Agreement, to contain, reduce or clean up any spills that may occur.

27. Terminal Operating Requirements.

HECO, its agents, or contractors will adhere to all Aloha Terminal Operating Procedures provided to HECO. All transport equipment tendered to the Terminal for loading shall be in a safe, serviceable condition and meet Department of Transportation, state, and local authority regulations and standards. In addition, all transport equipment must be compatible with loading equipment at the Terminal. Aloha reserves the right to refuse loading privileges to individual equipment operators who are not properly trained or certified by Aloha or are perceived by Aloha to be unsafe operators.

28. Spills/Environmental Pollution.

In the event of any Product spill or discharge or other environmental pollution caused by or in connection with the HECO's delivery or receiving operations, Aloha may commence containment or clean-up operations as deemed appropriate or necessary by Aloha or required by any governmental authorities and shall notify HECO immediately of such operations. HECO shall bear all reasonable costs of containment or clean-up, except to the extent such spill or

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discharge is attributable to Aloha's negligent acts or omissions, or to the extent such spill or discharge is contributed to by Aloha. In the event a third party is legally liable for costs and expenses borne by HECO or Aloha under this paragraph, Aloha and HECO shall cooperate fully with each other for the purpose of obtaining reimbursement.

29. Arbitration.

Any controversy or claim arising out of or relating to the interpretation or meaning of this Agreement, or the breach thereof, shall be settled by a board (the "Board") of three arbitrators in Honolulu, Hawaii in accordance with the Commercial Arbitration Rules of the American Arbitration Association or Dispute Resolution Hawaii. The three arbitrators shall be selected as follows: the first arbitrator shall be selected by the Party requesting arbitration, the second arbitrator shall be selected by the other Party hereto, and the third arbitrator shall be selected by mutual agreement between the first and second arbitrators; provided, however, that if the selection of the first or second arbitrator shall not have been made within ten (10) days after Aloha or HECO, as the case may be, shall have selected its arbitrator and notified the other of the same, such first or second arbitrator shall thereafter be selected by the American Arbitration Association or Dispute Resolution Hawaii upon application made to it by Aloha or HECO, as the case may be; provided further that if the selection of the third arbitrator shall not have been made within ten (10) days after the second arbitrator shall have been selected as hereinabove provided, such third arbitrator shall thereafter be selected by the American Arbitration Association or Dispute Resolution Hawaii.

With regard to controversies principally involving the calculation of monies owed or not owed by one Party to the other, each Party shall submit to the arbitrators (and shall also simultaneously exchange with each other) in advance of any hearing, if the arbitrators determine any such hearing is necessary, their last, best offers. The arbitrators in such matters shall be limited to awarding only one or the other of the offers submitted.

The Board shall render a decision ("Award") in writing (concurred in by a majority of the arbitrators) with respect to any point of disagreement in respect of the matters submitted to it pursuant hereto. The Board's Award will be final, conclusive and binding on the Parties, and judgment may be entered upon the Award by any court having jurisdiction thereof and may be enforced by appropriate judicial action in accordance with Chapter 658A of the Hawaii Revised Statutes, as amended. The arbitrators, however, shall not have the power or authority to alter, amend, terminate or in any way modify any of the terms of this Agreement.

The costs of the third arbitrator shall be borne on an equal basis by Aloha and HECO. Otherwise, the cost of such arbitration, including the prevailing party's attorneys' fees, costs and expenses, shall be borne by the non-prevailing party.

30. Miscellaneous.

If any section or provision of this Agreement or any exhibit or rider hereto shall be determined to be invalid by applicable law, then for such period that the same is invalid, it shall be deemed to be deleted from this Agreement and the remaining portions of this Agreement shall remain in full force and effect.

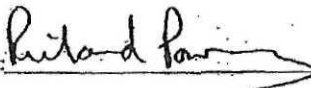
The failure of a party hereunder to assert a right or enforce an obligation of the other party shall not be deemed a waiver of such right or obligation.

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This Agreement shall be deemed to have been entered into in the State of Hawaii and the laws of the State of Hawaii shall be applicable in the construction of the terms and provisions hereof and in the determination of the rights and obligations of the Parties hereunder.

This Agreement is fully integrated and contains the entire agreement between the Parties. The Parties agree that this Agreement supercedes any and all prior understandings and agreements between the Parties relating to the subject matter of the Agreement, including the *Biodiesel Terminating and Trucking Agreement Term Sheet* signed by the Parties dated January 30, 2009. Each Party further represents and affirms that it is not relying upon any oral agreement or representation of the other Party in entering into this Agreement. This Agreement may be executed in as many counterparts as desired by the parties, any one of which shall have the force and effect of an original but all of which together shall constitute the same instrument. This Agreement may also be executed by exchange of executed copies via facsimile or other electronic means, such as PDF, in which case -- but not as a condition to the validity of the Agreement -- each party shall subsequently send the other party by mail the original executed copy. A party's signature transmitted by facsimile or similar electronic means shall be considered as an "original" signature for purposes of this Agreement.

ALOHA PETROLEUM, LTD.

By: 
Printed Name: Richard Parry
Title: President & CEO
Date: February 5, 2009

HAWAIIAN ELECTRIC COMPANY, INC.

By: 
Printed Name: Thomas C. Simmons
Title: Vice President
Date: 2/5/09
By: 
Printed Name: Thomas L. Joagula
Title: Sr. Vice President
Date: 2/5/09

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Exhibit A

1) Services. Aloha agrees to provide the following services related to the Products:

- a. Terminal Storage [REDACTED]
- b. Load Rack Services
- c. Waterborne Transfers
 - i. Incoming receipts
 - ii. Outbound deliveries
- d. Trucking Services [REDACTED]
- e. Addition of red dye to Product as required by law.

2) In-coming Receipts. Aloha agrees to receive Products into the Terminal subject to the following restrictions:

- a. Waterborne Receipts: [REDACTED]
- b. Product Terminal storage capacity limit
- c. The maximum storage capacity under this Agreement

3) Out-going Deliveries. Aloha agrees to deliver Products from the Terminal subject to the following restrictions:

- a. Pipeline Deliveries: [REDACTED]
- b. Marine Pipeline Deliveries (to barge or ship): [REDACTED]
- c. In-tank Transfer: [REDACTED]
- d. Load Rack: [REDACTED]

4) Petroleum Diesel Option. Subject to mutual agreement on any additional costs, HECO may choose to utilize the services under this agreement for Low Sulfur Diesel (LSD) or Ultra Low Sulfur Diesel (LSD) rather than biodiesel. [REDACTED]

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EXHIBIT B

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Product: Biodiesel

PROPERTY	TEST METHOD	LIMIT	UNIT
Calcium and Magnesium, combined	EN 14538		ppm (µg/g)
Flash point (closed cup)	D 93		°C
Alcohol Control			
One of the following must be met:			
1. Methanol content	EN 14110		% volume
2. Flash point	D 93		°C
Water and sediment	D 2709		% volume
Kinematic viscosity, 40°C	D 445		mm ² /s
Sulfated ash	D 874		% mass
Sulfur	D 5453		% mass (ppm)
Copper strip corrosion	D 130		
Cetane number	D 613		
Cloud point	D 2500		°C
Carbon residue	D 4530		% mass
Acid number	D 664		mg KOH/g
Free glycerin	D 6584		% mass
Total glycerin	D 6584		% mass
Phosphorus content	D 4951		% mass
Distillation temperature			
Atmospheric equivalent temperature			
90 % recovered	D 1160		°C
Sodium and Potassium, combined	EN 14538		ppm (µg/g)
Oxidation Stability	EN 14112		Hours

EXHIBIT B

Product: Diesel Fuel No.2, S500 NRLM

	<u>SPECS</u>	<u>METHOD</u>
Gravity, °API	Report	D4052
Appearance	B&C	D4176
Distillation, °F 90% Recovered	540-640	D86
Flash, PMCC, °F	125 min	D93
Pour Point, °F	Report	D5949
Cloud Point, °F	Report	D5773
Visc. @ 104°F Kinematic, Cs	1.9-4.1	D445/D7042
Copper Strip Corrosion, 3 Hrs.@212	3 max	D130
Water & Sediment, Vol.%	0.05 max	D1796
Carbon Residue on 10% BTMS, wt%	0.35 max	D524
Sulfur, ppm D5453/D7039	500max	
Ash, Wt.%	0.01 max	D482
Cetane Index	40 min	D976
Red Dye Content, ppm	11.2 min	DT100

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EXHIBIT B

Product: Diesel Fuel No.2, Ultra Low Sulfur

Reference: ASTM D975

<u>TEST</u>	<u>SPEC</u>	<u>METHOD</u>
Gravity, °API	Report	D4052
Appearance	2 max	D4176 proc. 2
Distillation, °F 90% Recovered	540-640	D86
Flash Point, PMCC, °F	126 min	D93
Visc. @ 104°F Kinematic, cSt	1.9-4.1	D445
Copper Strip Corrosion, 3 Hrs. @212°F	3 max	D130
Water & Sediment, Vol.%	0.05 max	D1796
Carbon Residue on 10% BTMS, Wt.%	0.35 max	D524
Sulfur, ppm	15 max	D5453, D7039
Ash, Wt.%	0.01 max	D482
Cetane Index	40 min	D976
Cetane Index, 4 variable equation	40 min	D4737
Lubricity, HFRR, micron	520 max	D6079
Aromatic Content, Vol%	35 max	D1319
Visual color	Undyed	Visual

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Attachment 4 contains confidential information and is provided subject to
the Protective Order filed on November 21, 2008 in this proceeding.